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Regional Oral History Office
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Berkeley, California

Government History Documentation Project
Ronald Reagan Gubernatorial Era

GOVERNOR REAGAN'S CABINET AND AGENCY ADMINISTRATION

Earl W. Brian	Health and Welfare Policy, 1970-1974: A Narrow Spectrum of Debate
James G. Stearns	Joining Reagan's Crusade in Sacramento: Conservation, Agriculture, and Employee Relations
Edwin W. Thomas, Jr.	The Governor's Cabinet as Policy Forum
Frank J. Walton	Transportation Policies and the Politics of Conservatism, 1964-1974

Interviews Conducted by
Ann Lage
Gabrielle Morris
Sarah Sharp
1983-1985

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PREFACE

California government and politics from 1966 through 1974 are the focus of the Reagan Gubernatorial Era Series of the state Government History Documentation Project, conducted by the Regional Oral History Office of The Bancroft Library with the participation of the oral history programs at the Davis and Los Angeles campuses of the University of California, Claremont Graduate School, and California State University at Fullerton. This series of interviews carries forward studies of significant issues and processes in public administration begun by the Regional Oral History Office in 1969. In previous series, interviews with over 220 legislators, elected and appointed officials, and others active in public life during the governorships of Earl Warren, Goodwin Knight, and Edmund Brown, Sr., were completed and are now available to scholars.

The first unit in the Government History Documentation Project, the Earl Warren Series, produced interviews with Warren himself and others centered on key developments in politics and government administration at the state and county level, innovations in criminal justice, public health, and social welfare from 1925-1953. Interviews in the Knight-Brown Era continued the earlier inquiries into the nature of the governor's office and its relations with executive departments and the legislature, and explored the rapid social and economic changes in the years 1953-1966, as well as preserving Brown's own account of his extensive political career. Among the issues documented were the rise and fall of the Democratic party; establishment of the California Water Plan; election law changes, reapportionment and new political techniques; education and various social programs.

During Ronald Reagan's years as governor, important changes became evident in California government and politics. His administration marked an end to the progressive period which had provided the determining outlines of government organization and political strategy since 1910 and the beginning of a period of limits in state policy and programs, the extent of which is not yet clear. Interviews in this series deal with the efforts of the administration to increase government efficiency and economy and with organizational innovations designed to expand the management capability of the governor's office, as well as critical aspects of state health, education, welfare, conservation, and criminal justice programs. Legislative and executive department narrators provide their perspectives on these efforts and their impact on the continuing process of legislative and elective politics.

Work began on the Reagan Gubernatorial Era Series in 1979. Planning and research for this phase of the project were augmented by participation of other oral history programs with experience in public affairs. Additional advisors were selected to provide relevant background for identifying persons to be interviewed and understanding of issues to be documented. Project research files, developed by the Regional Oral History Office staff to provide a systematic background for questions, were updated to add personal, topical, and chronological data for the Reagan period to the existing base of information for 1925 through 1966, and to supplement research by participating programs as needed. Valuable, continuing assistance in preparing for interviews was provided by the Hoover Institution at Stanford University, which houses the Ronald Reagan Papers, and by the State Archives in Sacramento.

An effort was made to select a range of interviewees that would reflect the increase in government responsibilities and that would represent diverse points of view. In general, participating programs were contracted to conduct interviews on topics with which they have particular expertise, with persons presently located nearby. Each interview is identified as to the originating institution. Most interviewees have been queried on a limited number of topics with which they were personally connected; a few narrators with unusual breadth of experience have been asked to discuss a multiplicity of subjects. When possible, the interviews have traced the course of specific issues leading up to and resulting from events during the Reagan administration in order to develop a sense of the continuity and interrelationships that are a significant aspect of the government process.

Throughout Reagan's years as governor, there was considerable interest and speculation concerning his potential for the presidency; by the time interviewing for this project began in late 1980, he was indeed president. Project interviewers have attempted, where appropriate, to retrieve recollections of that contemporary concern as it operated in the governor's office. The intent of the present interviews, however, is to document the course of California government from 1967 to 1974, and Reagan's impact on it. While many interviewees frame their narratives of the Sacramento years in relation to goals and performance of Reagan's national administration, their comments often clarify aspects of the gubernatorial period that were not clear at the time. Like other historical documentation, these oral histories do not in themselves provide the complete record of the past. It is hoped that they offer firsthand experience of passions and personalities that have influenced significant events past and present.

The Reagan Gubernatorial Era Series was begun with funding from the California legislature via the office of the Secretary of State and continued through the generosity of various individual donors. Several memoirs have been funded in part by the California Women in Politics Project under a grant from the National Endowment for the Humanities, including a matching grant from the Rockefeller Foundation; by the Sierra Club Project also under a NEH grant; and by the privately funded Bay Area State and Regional Planning Project. This joint funding has enabled staff working with narrators and topics related to several projects to expand the scope and thoroughness of each individual interview involved by careful coordination of their work.

The Regional Oral History Office was established to tape record autobiographical interviews with persons significant in the history of California and the West. The Office is under the administrative direction of James D. Hart, Director of the Bancroft Library, and Willa Baum, head of the Office. Copies of all interviews in the series are available for research use in The Bancroft Library, UCLA Department of Special Collections, and the State Archives in Sacramento. Selected interviews are also available at other manuscript depositories.

July 1982
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Gabrielle Morris
Project Director

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On behalf of future scholars, the Regional Oral History Office wishes to thank those who have responded to the Office's request for funds to continue documentation of Ronald Reagan's years as governor of California. Donors to the project are listed below.

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INTRODUCTION

While Ronald Reagan was governor of California, several major reorganizations were undertaken which combined related state government departments into administrative agencies, under the direction of agency secretaries. Governor Edmund G. Brown, Sr. had initiated uses of this concept in 1961 with the establishment of four superagencies, as they were termed, approved by the legislature. The Reagan administration subsequently developed the idea in a different direction.

Both governors saw the agency system as a means of gaining a more manageable span of control. Rather than dealing directly with the executives of over a hundred departments, bureaus, and commissions of state government, they would work with a handful of agency chiefs. Brown designated his agency heads as administrators, through whom the governor's policies would work their way down to operating departments. Reagan, however, designated his agency secretaries as a cabinet whose function was to advise the governor in establishing policies.

In the present volume of the Reagan Gubernatorial Era Project, three agency secretaries discuss their experiences in formulating policy during Reagan's second term as governor: Earl Brian, James Stearns, and Frank Walton, who respectively headed the Health and Welfare, Agriculture and Services, and Business and Transportation agencies. The fourth interview in the volume is with Edwin Thomas, the governor's-officeliasion for development of agendas and other cabinet matters.

Several other interviews in this series also were conducted with agency secretaries. For additional information on the Health and Welfare Agency, see oral histories with James Hall, James Jenkins, and Spencer Williams; with Gordon Luce on Business and Transportation; with Verne Orr on the Department of Finance; and with Norman B. Livermore, Jr., on Resources.

Gabrielle Morris
Project Director

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Berkeley, California

Government History Documentation Project
Ronald Reagan Gubernatorial Era

Earl W. Brian

HEALTH AND WELFARE POLICY, 1970-1974:
A NARROW SPECTRUM OF DEBATE

An Interview Conducted by
Gabrielle Morris
in 1983

TABLE OF CONTENTS -- Earl W. Brian

INTERVIEW HISTORY	i
I PROLOGUE	1
Secretary to the California Social Welfare Board, 1966-67	1
Vietnam Service; Return to Exploding Public Health Care Costs	5
II DIRECTOR OF HEALTH CARE SERVICES: MEDICAID AND WELFARE REFORMS, 1970-71	8
Good Reasons and Real Reasons	8
Legislative Hearings on Medi-Cal Program Cuts	10
Bob Moretti and Passage of AB 949	13
III SECRETARY OF HEALTH AND WELFARE, JULY 1972 - FEBRUARY 1974	19
Management, Planning, and Control	19
The Governor's Office; Agency Accomplishments	22
Constituent Groups; Court Challenges	25
Observations on President Nixon's Approach to Welfare	28
Relations with Other Agency Secretaries; Financial Controls	31
IV CAMPAIGN FOR THE U.S. SENATE; REAGAN'S SKILLS	36
Pitfalls of the 1974 Primary	36
On Proactive and Reactive Politics	41
TAPE GUIDE	44
APPENDIX - "Medi-Cal Chief Discusses Program," <u>California Journal</u> , July 1970	45
INDEX	47

INTERVIEW HISTORY

Earl Brian, M.D. was the youngest and perhaps the most controversial person that Governor Ronald Reagan appointed to his cabinet. He was just 28, recently returned from military service in Vietnam, when Reagan named him to head the Office of Health Care Services in 1970, and 30 when he became administrator of the giant Health and Welfare Agency. Brian's charge was to control the cost over-runs in the Medi-Cal program for the medically indigent. This state counterpart of the federal Medicaid program had been an issue in Reagan's 1966 campaign and its expenditures had continued to rise during the governor's first term.

Brian, a bright, husky, outspoken conservative, brought new budget-minded staff in the office and established revised procedures for physician reimbursement, by administrative order. There ensued some celebrated battles with the civil service, the medical profession, and advocates for the poor. The legislature established a special investigative committee and "decided that the feast was on and I was to be the main course" (p. 11).

In this interview for the Reagan Gubernatorial Era Project, Brian recalls that "the situation had gone from a state of anxiety to a state of chaos...You can't imagine the acute anxiety associated with programs growing at these astronomical clips. It went from nothing to a billion and a half in three years" (p. 5).

While Brian worked to control the Medi-Cal program, others were struggling with rising caseloads and payments in the Department of Social Welfare. Although Medi-Cal recipients were certified by the Department of Social Welfare, there apparently was little coordination between cost-cutting efforts of the two departments. In 1971, when a governor's task force produced a major legislative package for welfare reform, Brian negotiated the Medi-Cal bill separately and in advance of the welfare bill.

By this time, Brian had gotten to know Bob Moretti, the Democratic Speaker of the Assembly, whom he regularly beat at tennis. In spite of his efforts to embarrass the governor, Brian found Moretti to be "a very reasonable, compassionate human being." When negotiations on the reform bills reached a stalemate, Brian talked to Moretti and they decided a conference was in order, and Reagan agreed. Thus came about the series of meetings that legislative leaders later described as the beginning of Reagan's understanding of the importance of the legislative process.

As a result of these successes, Brian was promoted to secretary of the Health and Welfare Agency and became a member of the governor's cabinet. He undertook a major reorganization that combined the Office of Health Care Services and the payment units of the social welfare department into a new Department of Benefit Payments and also proposed combining the Department of

Corrections and the Youth Authority into one department. It was Brian's view that more modern managerial techniques were needed because the state was faced with "decisionmaking needs that fell by the day, not by the month or the year."

In 1973 he surprised many by resigning to run for the U.S. Senate. "It was a very leavening experience," he recalls. On the nature of government he concludes that, in spite of the amount of controversy, "we're really arguing over very narrow philosophical differences...there really is no great debate in terms of where we're going overall" (p. 25).

When it came time to interview Dr. Brian for the project, in May 1983, he was head of his own venture capital firm, located in Manhattan. The interview was conducted in his office deep in the canyons of Wall Street. He spoke easily and with firm control of the points he wished to make. Subsequently, he was prompt and helpful in supplying additional information requested and checking over the transcript sent to him for review. By that time, he had moved his company uptown to Madison Avenue.

Gabrielle Morris
Project Director

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I PROLOGUE

[Date of Interview: May 12, 1983]##

Secretary to the State Social Welfare Board, 1966-67

Morris: I don't know if you have had a chance to take a look at the outline I sent you a couple of weeks ago.

Brian: I did, but I forgot what it said.

Morris: It's by and large chronological, feeding in some questions about how the administration operated and then asking how you got involved in the process and what you hoped to achieve [as director of the Department of Health Care Services and later secretary of the Health and Welfare Agency] and what has stayed with you about how you dealt with what was a comparatively controversial period.

Brian: I guess the most significant thing is, I'm glad I don't work for the government.

[telephone interruption]

Brian: [Go ahead with] whatever you want to ask me, and I'll give you the best answers I can. I made the flip comment that I'm glad I'm not in government, and I am glad. That's the greatest lasting memory from that experience.

Morris: Was the experience a useful one?

Brian: Oh sure, absolutely.

Morris: How did you happen to come into contact with Mr. Reagan and his people?

Brian: I was recommended for a job when I was at Stanford Medical Center in '67. I went to work for eight months as executive secretary of the state social welfare board before I went off to Vietnam.

Morris: The information that has survived is that your father was acquainted with Mr. Reagan or had been involved in some other Republican activity.

Brian: That was a total fabrication, as Jesse Unruh found out. When he ran for governor in '70, he made that allegation. He said that my father had supported Ronald Reagan to be president in 1968. That would have been difficult, because my father died in 1960. Had nothing to do with Ronald Reagan, as far as I know. I don't even know that my father ever even knew Reagan existed.

My involvement with Ronald Reagan was very simple. I came to the attention of a man named Ned Hutchinson while I was at Stanford. He was the San Mateo County chairman for Reagan. He sent my name in when Reagan got first elected. They had insufficient people to put in the jobs and needed somebody with my background and made me an offer.

[interruption]

The Reagan administration had problems finding sufficient people in the early days, because Reagan really had no political experience.

I got drafted into the army medical corps and had eight months with nothing to do.

Morris: You already knew you were going to be going into the military?

Brian: It was almost simultaneous with the call I got from the governor's office. Since medical training cycles run in one year, July to July increments, and I was being drafted in the middle of the year, I basically had nothing to do other than stay at Stanford and make a hundred and twenty dollars a month or go to Sacramento and make twelve hundred dollars a month. It was that simple.

Morris: Why were they looking for someone with medical background for the state social welfare board?

Brian: Because the whole Medicaid program was tied to the social welfare eligibility system.*

Morris: And that was their primary concern about the social welfare program?

*In California, the federally-funded Medicaid program became known as Medi-Cal.

Brian: No, I don't think that was their primary concern. I think that they knew that the Medicaid program, which had been enacted about six months before, was totally out of control and that somebody needed to look at Medicaid and social welfare issues. I mean, essentially it's the same population of people. On the one hand people getting cash grants; and on the other the same people getting medical services. So they wanted either dimension, and they felt that the dimension having to do with social welfare problems was more easily understood by a nonmedical person, but that a medical person would bring something to the table in addition to that.

It was like balancing a bucket of cement on top of a broom or something. [laughter] They were afraid it would come crashing down on their heads. The job was no big deal, you know. It was not exactly like I was critical to the State of California. I mean, it was an appointed job that was five hundredth in importance, let's say.

Morris: Did you get to have any input, or did the board, by and large, see you as somebody to arrange some meetings and--?

Brian: The board, by that point in time, frankly, had become a relatively ineffectual organization. In the early 1950s the Board of Social Welfare was an authoritative organization. Then the legislature created a director of Social Welfare who was not the executive secretary of the board as had been the case. By the mid-1960s, the Social Welfare Board really became an advisory kind of thing.*

I don't think the board members themselves fully understood exactly what their roles were. As a matter of fact, a lot of them became frustrated because they couldn't shape welfare policy. The director of Social Welfare at the time didn't pay a whole lot of attention to them.

Morris: Was that John Montgomery?

Brian: John Montgomery. And very frankly, the problems confronting the state's welfare system in those days were far more complex than a part-time board of lay people could really deal with. In the 1950s, a group meeting once a month or once every two months could take up issues that could be considered in a deliberate manner and policy set. But, boy, when you start talking about a state that has, in those two areas at that time, probably two and half billion dollars going out the door and the budget is growing at 25 percent a year while the state tax base

*See interview with John Wedemeyer, director of the Department of Social Welfare when this change was made, in Perspectives on Department Administration, California, 1953-1966, Regional Oral History Office, 1980.

Brian: is only growing 10 percent a year, you start getting into decision-making needs that fall by the day, not by the month or the year.

But, unfortunately, the people on the board didn't fully recognize the changing transition, I think. Although a couple of them were very bright and very knowledgeable people, in terms of the subject, and I think they felt frustrated over their inability to impact policy.

I don't think they viewed me as any particular expert. I don't think they even particularly liked me, in terms of the fact that I was directed to them by the governor's office as the person who would be the executive secretary. But that was that whole transitional experience that was ongoing at the time, from board-run entities to executive-managed entities.

Morris: Was that a shift that was going on in general throughout the country?

Brian: Yes.

Morris: Outside of California as well as inside?

Brian: Oh yes, sure, nationwide. It's just literally a reflection of the complexity and size of the programs. I mean, when it was 2 percent of the state budget, who cared? When it became 42 percent of the state budget, everybody cared. So therefore, the demand for more modern managerial techniques, executive authority coupled with executive responsibility, became the mode of operation for most governments. Similarly, legislatures used to meet for a couple of months and go home. Now it's a fulltime business. It's more like the Congress. The whole thing has become all-engulfing.

Morris: Was Stanford Medical Center at all responding to the appearance of Medicaid, Medi-Cal in California?

Brian: What do you mean were they responding?

Morris: I gather that the State of California really wasn't prepared for the impact that the program had--

Brian: Nobody was.

Morris: --in terms of the state. And I wondered if the medical profession--?

Brian: No, of course not. At that point in time-- Again, my job, the staff position up there, was effectively meaningless in terms of any impact on the State of California's social welfare policy, Medicaid policy, or anything else. It was meaningful in the sense that for eight months I had the opportunity to get to know a lot of people in Sacramento.

Vietnam Service; Return to Exploding Public Health Care Costs

Brian: I went off to Vietnam in the army and won some medals and got a lot of publicity, which I didn't seek and didn't care for, but ended up getting it anyway. The people on the governor's staff who had risen to power in the [Philip] Battaglia ouster became interested in my coming back, this time because, after three years, the welfare/Medicaid situation had gone from a state of anxiety to a state of chaos with a potential for bankrupting the State of California.

In that regard, upon my return from Vietnam, they invited me to come back to the state. In fact, they invited me to be director of Social Welfare. And I said, "I don't think I want to be director of Social Welfare, simply because I'm not that interested in the welfare mechanism as such." But I was willing to be the director of Health Care Services.

Morris: Which had been set up while you were--?

Brian: There was an Office of Health Care Services when I was first there that became a Department of Health Care Services while I was in the United States Army. And the director had expressed some interest in leaving.

Morris: That was Dr. Carel Mulder?

Brian: Yes.

Morris: Had you known him--?

Brian: Previously?

Morris: Previously.

Brian: No.

Morris: He wasn't particularly interested in the mechanism of Health Care Services and how it was going to evolve?

Brian: Yes. This thing was just-- It was like a mushrooming nuclear explosion. People were getting engulfed in the blast. You can't imagine the acute anxiety associated with programs growing at these astronomical clips. I mean, they went from nothing to a billion and a half dollars in three years. Now, in federal terms, that's nothing. But for the State of California, that's big-time money. The politicians, all of them, were being threatened--the program was so out of control and so out of whack for a variety of reasons.

Brian: I think Carel Mulder, for example, was a very brilliant guy. I think his philosophical bent was not consistent with Ronald Reagan's. On the other hand, I think that with his own philosophical vein, he did a very fine job of structuring a program start-up.

On the other hand, for reasons that were beyond his control, this thing was absolutely out of control. That was the problem confronting the state when I arrived back. That was the pressure there, to do something about it. The "something" was reduce expenditures.

The people in the governor's office tended to view it as a problem of burgeoning welfare eligibility rolls, which it was in part. From my point of view, I was most professionally capable of coping with the Medicaid side of the equation, although I knew a fair amount about the social-welfare side of the equation. And as it turned out, I got more involved in it, and then very involved in the governor's welfare reform program. In particular, in negotiating it through the legislature, because the Medicaid reform, AB 949 [1971], was the spearhead, so to speak, that opened the door for, shortly thereafter, the passage of welfare reform.

Morris: Okay. And the Office of Health Care Services didn't actually provide services? It was a transfer program?

Brian: Sure. Took the money from the feds, added some state money, paid the fiscal intermediaries, who were Blue Cross and Blue Shield, to administer the program. The Department of Social Welfare administered the eligibility system through the counties. So all Health Care Services really was at that time was a traffic cop and a regulator, if you will, as opposed to a provider, or even a third-party payer. They weren't even that. It was a contractual conduit.

Morris: Yes, that's what I thought, but it's not clear, because so much of the discussion had to do with whether there was going to be preventive care, or were recipients going to use clinics or individual doctors.

Brian: Well, these are all serious policy questions that, regardless of the means in which the payment is made, can have a profound influence on the amount of the payment. Regardless of the means of the delivery of the service, it can have a profound influence on the quality of care being delivered to the recipient. They attempted to regulate this as an overseer.

What it was, was thirty years of social-welfare administration compressed into about four years. They started off with the laissez-faire board approach. It was a board that had some power for about twelve months. That became ineffectual. They then ceded the authority to Carel Mulder, the director of an office. Then it became obvious that the problems of coping required all sorts of specialized skills.

Brian: From about the time it started, in '67, until the time I got back in 1970, January, this thing had grown from nothing--the transition from an office with four or five employees to an office with fifty or sixty to a department with a thousand employees. That was all happening over that very short time.

Morris: Three-year period.

Brian: Whatever, yes.

Morris: Were they new people, or were they--

Brian: They were all civil servants.

Morris: --people brought in from--?

Brian: Brought in from other departments.

Morris: Was it composed of units of other departments?

Brian: Sure. You find somebody in the Department of Mental Hygiene that was interested in the mental health aspects of health care, Medicaid, and put him in the bureau for health services. You find somebody from Social Welfare interested in the eligibility problems--and there were some special eligibility problems for Medicaid, because there was a class of medically needy only, above the cash grant group in AFDC [Aid to Families with Dependent Children], etc.--and that guy was brought in to run the Medicaid eligibility. And then there were compliance problems and legal problems and budget-- They just gathered the talents necessary to build an organization. But instead of having this happen like it did in social welfare, over thirty years, this happened over three years. You know, the program [claps his fist against the palm of his hand] boom! zero to a billion, two in three years.

II DIRECTOR OF HEALTH CARE SERVICES: MEDICAID AND WELFARE REFORMS, 1970-71

Good Reasons and Real Reasons

Morris: Did Governor Reagan sit down and have any briefing sessions with you as to what he had in mind and what the concerns were when you came back in 1970?

Brian: Sure.

Morris: How did those conversations go?

Brian: I think they were along two veins. One of them was the fact that the program was out of control and that the state really couldn't tolerate this kind of growth. But that he preferred to see that what we did was reduce the waste and abuse in the system instead of reducing the benefits to anybody.

Secondly, that he had been trying for four years to get a welfare reform through the legislature and I should get to work and do that. To which I replied, "I don't have any idea how to do that." I had some pretty good ideas about what needed to be done, but not how to get a bill through the legislature.

So we went back and gathered together a group of lawyers and program people and wrote a Medi-Cal reform bill.

Morris: What about the task force on welfare reform?

Brian: That happened before I got there. There were a lot of task forces. There were a lot of people with recommendations. I can say the real things that task forces do were to--all of them--come up with positive suggestions of things to be done. Now, doing those things is a whole different kettle of fish. Generally for political reasons. I mean, even if everybody, the professionals, kind of agree what ought to be done, satisfying all the special interest groups that reflect this in the legislature is no simple matter.

Brian: So we designed a program based on what various and sundry people thought were the wise things to do in Medicaid, and I probably had more input in that than anybody else did. Bob Carleson designed the welfare reform program with what he thought were the right things to do in welfare, which I agreed with, by the way. I thought he had a good program, and a bill was sent to the legislature, and the legislature basically laughed.

Morris: This is the summer and fall of 1970 and then the bill that was introduced in '71?

Brian: This would be in the spring of 1971. Legislative people laughed. But we had the last laugh.

Morris: Who were the various and sundry people that you would go and talk to in putting together what you wanted to do?

Brian: In the program?

Morris: Yes.

Brian: Oh, Lord. Other than internal people within the department--and I would be glad to give you their names--there wasn't anybody we sat down and said, "Now, let's plan a program." I mean, we had conversations with a host of people from the provider community in particular about many issues. But they didn't particularly like what we were proposing.

Morris: Were they concerned about the quality of care or the amount of care?

Brian: I think they were concerned about all those. You know, when people talk about things, they have their real reasons and their good reasons.

Morris: [laughs] Real reasons and good reasons. What's the difference there?

Brian: Well, the good reasons are the ones that are universally acceptable to everybody, apple pie and motherhood.

Morris: Milk and vitamins for babies.

Brian: Right. The real reasons are often things that are particular to your special interest. Usually they have one common denominator--money. But in our society, the expression of this real reason often is not acceptable. So they couch them in good reasons.

I think the truth is most everybody had both good reasons and real reasons. I think when they said what they said, it came out as if it was 95 percent good, and it was really more like fifty-fifty, and in some cases 95 the other way. But it's a very complex subject

Brian: that, really, sitting at this juncture, I don't particularly want to expound on. Let's just say we talked to a whole lot of people within the legislature and without.

Legislative Hearings on Medi-Cal Program Cuts

Brian: Those programs were very controversial. I don't care what your legislative program entailed, you're lucky to get a plurality or a minor majority, and that's what we did in the legislature. The program was clearly aired, clearly opposed. Some people resigned their jobs over it, they were so upset about it. Steve Teale, a state senator, I think effectively was denuded of the authority he had enjoyed previously, and it probably led to his--the beginning of his departure from the legislature.

Morris: He was a physician himself. Wasn't he the doctor in the state senate at that point?

Brian: Was he the only doctor in the state senate?

Morris: I believe so.

Brian: Yes, to the best of my knowledge, he was.

Morris: Was he expected to take a leading role in that because he was a doctor? Did he have a special--?

Brian: First off, he was a very effective legislator. He was a very respected legislator. And secondly, any legislator with a medical degree behind their name is going to be deferred to--particularly if they are respected, as he was--when it comes to the question of medical programs. So in a little bit of a way in the senate it was me against him. Fortunately, I had two allies that trumped his: Bob Moretti [then Assembly Speaker] and Ronald Reagan.

Morris: Bob Moretti was your ally?

Brian: Yes, that's the only reason any of the reforms ever got done.

Morris: How did you and Bob Moretti get to be allies?

Brian: On the tennis court.

Morris: Really?

Brian: Yes. Do you want the unvarnished truth?

Morris: Yes, that's what I'm here for.

Brian: We had to cut back some programs in December of 1970. And there was a provision of the law on how to handle that. The first thing to do was to cut provider fees 10 percent, except the hospitals which were exempted by federal law. If that were insufficient to make up the deficit in the program, then you cut services. And we did that in December of 1970.

The accusations started to rise and fall that this budgetary shortfall had been intentionally withheld until the election was over. It was decided that I was to be the scapegoat. So Mr. Moretti--

Morris: Who decided you were to be the scapegoat?

Brian: The politicians, the Democrats. They had to have somebody in the barrel. You know, that's the way the system worked. Somebody's got to be blamed for something; somebody's got to get credit for something. So Mr. Moretti put together a panel, a special investigative committee, to look into what went on in this situation. And on that committee were three Democrats, I think, and two Republicans. One of the Democrats was a very outspoken liberal by the name of John Burton. And they decided that the feast was on and I was to be the main course. [laughter]

I think that they were somewhat surprised to see that I wasn't about to be eaten for lunch without saying a few things.

Morris: Was this in the newspapers, or was this--?

Brian: Oh, Lord, it was on statewide television. KQED showed the whole thing, ran it live.

Morris: This is the hearing?

Brian: Yes, hearings. Oh, this was a major flap.

Morris: I just wanted to check whether it was a face-to-face confrontation, or whether it was people making--?

Brian: Hell, yes, they called me up [to testify] and raised hell with me [Joseph] McCarthy-style for two weeks, every other day for two weeks.

Morris: Everybody taking their turn at you?

Brian: Not everybody, because some of them were Republicans. Some of them were trying to be helpful. But the bottom line-- You know, they had the place packed. It was the big hearing room up on the fourth floor. I'm sure you've been there--4201 [state capitol]. They had the place

Brian: packed with the welfare recipients yelling and demonstrating and marching around. The entire episode came to naught, for the cuts remained and I continued in my job after the hearings were over.

Morris: Was part of their strategy to see if they could get you fired?

Brian: Oh, I think that wasn't part of their strategy; it was their strategy. I think essentially they were trying to use me to sort of divert any responsibility they had for the program being out of whack a hundred and fifty million dollars, or a hundred and forty million, whatever it was.

Morris: How would calling you on the carpet cause Mr. Reagan to fire you?

Brian: Are you really asking that question seriously? You're a political scientist; you must have seen the process a hundred times. It's the standard operating procedure, to try to come up and find out that I knew something or did something devious and make me appear to be callous and have disregard and have Reagan have to cut me loose.

Morris: Why would he cut you loose if you were doing what he wanted done? Taking flack is also part of the political process.

Brian: If I did it in an honest, straightforward manner, then he wouldn't cut me loose. If they could prove that I did it in some sort of dishonest, less than straightforward manner, or I was up to some nefarious scheme by doing this, then I'd become an embarrassment to him and he'd have to get rid of me. That would in turn embarrass him. The only thing they don't understand about Ronald Reagan, he's the toughest son of a bitch on the street. For the few that have learned that -- most keep forgetting that -- he doesn't shake very easily over anything.

And since it was all done honestly, I basically had nothing to fear. Although nobody appreciates their name and family being embarrassed for reasons that are really extraneous to the process.

Morris: Some of the flap had to do with whose figures were acceptable, in terms of--

Brian: That's part of it. Just imagine that you've got two opposing forces here represented in the legislature versus the administration, or at least the opposing party. They'll come with every possible area that's been tried traditionally to embarrass each other. That's the game. That's what confrontational, adversary politics and jurisprudence are about.

Morris: Is there also more than one way to present the numbers, both in caseloads and--?

Brian: Oh, sure, but not to that extent. You know, a hundred and forty million dollars or whatever the number was. I can't remember exactly. But it was a major number. It had to be made up in half the budget year. I didn't make up that budget originally. That budget was handed to me when I came in.

I inherited that budget. And it became obvious, as the year wore on, after a few months, that actuarially it was unsound. But since the program was new, nobody really knew what was sound, and it's easy to go around criticizing people for presenting unsound numbers. But the proof was in the pudding. Notwithstanding all the legal harangue and carrying on, the cuts stayed in effect until June 30th. And the budget came in with about a dollar to spare, out of a billion, two. So it was clear in retrospect what the numbers actually were.

Bob Moretti and Passage of AB 949*

Morris: This was the '70-'71?

Brian: The year ending in June of '71. Now, what was really ironical about it, if you really want a piece of useful political information, is that whole episode caused Medi-Cal and welfare reform to be passed. Because what happened was--at least my perspective, and I--

Morris: The episode of calling you on the carpet?

Brian: This whole sequence of events. That's right. The program overruns, cutbacks, and the attempt to effectively embarrass the governor. And feel free to discuss this, obviously, with the other people involved in the process. Probably the key guy is Bob Moretti.

Moretti, just to see how good a job his troops were doing in embarrassing the governor, used to come around and [listen to the hearings]. I think he decided that maybe they weren't getting the best of me. Maybe they weren't quite as good as he thought they were, in terms of how much they knew versus how much I knew. That led him to decide that maybe I wasn't going to be blown out of there after all, and instead of kicking me out, I might be somebody he ought to get to know. When he found out I played serious tennis, we struck up a friendship which, although I don't have much current contact with him, has lasted to this day. I found him to be a very reasonable, compassionate human being, once we got up out of the front-end foolishness.

Morris: Who won at tennis?

*For a concise summary of AB 949, see "Tough Trading Breaks Executive-Legislative Deadlock on Welfare and Medi-Cal," California Journal, July-August 1971, pp. 193-217.

Brian: I did. That was only because I was very experienced. He's a great athlete, but he just had no real experience at tennis. He's a fine tennis player. But I had had many years of experience. And we became friends and had a very close relationship that effectively allowed me to get close enough to negotiate that bill with him. The bill everybody had laughed at, all of a sudden he decided, with some modifications that coincided with his interests, was worth passing out of the assembly.

That left us with the problem of getting it through the senate. The speaker of the assembly has a lot of authority in the senate, as you well know, but not enough. It turned out--

Morris: That was Jim Mills at that point, wasn't it?

Brian: Yes, I think so. It's hard to remember. The senate is a more laconic organization, and you don't really personify the power there like you do in the assembly. But I think it was Mills.

[intercom query from Brian's secretary]

So we had this bill that had been negotiated in the assembly and it was sitting in the senate. A great revelation came to me one day. That was, if you guys didn't like what we did in December of '70, we'll do it again. Unless you pass this reform bill. This time, though, we will cut the budget by line item in the same amount the bill will save, and then we will invoke those provisions of law to cut the program again.

Morris: Do it administratively?

Brian: No. In other words, we will, in advance this time, plan it. I mean, we're going to intentionally shortfund this budget. So we sent the budget up. Remember, the bill had passed the assembly, or effectively had passed. I don't know whether it had technically passed. But, I mean, we had an accord, and the senate was sitting on it. So I went up and gave them a message.

I said, "Hey, [if] you send down a budget [of] a billion five, I'm going to get the governor to line item veto it down to a billion three, which is what the budget will be if you pass this bill. If you don't pass this bill, we're going to cut the budget anyway. Then we're going to let those same provisions go into effect that you didn't like last year and let the cutback process reduce it down to a billion three."

They said, "You won't do that."

I said, "Oh, yes, we will."

Morris: Was this to the Senate Finance Committee?

Brian: Oh, it was to anybody that would listen. I don't remember who I told exactly, but they got the message.

Morris: I'm just trying to reconstruct whether you went and talked to a senator or his aide or whether you asked to present this idea at a hearing, one of the committee meetings.

Brian: Oh, I was probably at all of them. I mean, you know, it wasn't any secret.

They didn't believe it. Not only did they not believe it, but they sent the budget down at a billion five. I sat down with the Governor we blue-lined the budget down to a billion three and sent it back. They tried to override his veto. They failed.

##

Brian: A month later the senate passed the assembly's reform bill and the bill went into effect October the first [1971]. That also opened the door to do the welfare simultaneously, so we negotiated that one. They both went in at the same time. And California was the only state in the union that actually had a reduction in expenditures the next year in the health and welfare, the Medicaid/social welfare area.

Morris: What about the idea that I gathered was floating around that there might be an initiative to revise the health and welfare program? Was that seriously considered, or was that--?

Brian: Not to my knowledge. There's always yapping around, but--

You know, to get everybody together and do something meaningful is-- It sure added about ten years to my life. It was definitely one of these take Hill 619 at any cost kind of thing.

Morris: How about the celebrated conference when Bob Moretti, according to Lou Cannon and other--*

Brian: Observers.

Morris: --observers, decided that he should ask the governor to sit down and put together a team to negotiate this kind of thing?

*In Reagan, G. P. Putnam's Sons, N.Y., 1982.

Brian: That's all superficial propaganda. What really happened was, I talked to Moretti about it and decided a conference was the best way to proceed with initiating the public to the concept. We talked to Reagan, and he agreed it was the thing to do. So it was all done inside. And then it was announced that way publicly. You know, there are the real facts and then the perceived facts.

But, essentially, by getting to know Moretti and talking to Reagan-- I'd go down and talk to Reagan, go back and talk to Moretti; and all of a sudden, the differences between them became a lot less. But you had to notify the public that's what you were doing. They couldn't possibly have Moretti and Reagan, you see, meeting in private without telling everybody about it. So, yes, that happened that way.

Morris: But they [Moretti and Reagan] felt that the basic decision had already been made and the rest of it was just ironing out details?

Brian: No, see what happened was, we had worked out the Medicaid thing kind of under a cover. Once that happened, I said, "Okay, Moretti, now let's do the welfare thing." Reagan had given me complete authority to negotiate the Medicaid bill. I mean, I literally would tell him every few days where we stood. But he never interfered in the process at all. He just said, "You know what your goals are. Go accomplish them."

I think he was skeptical about Moretti for a host of reasons, some valid, some imagined. He was very skeptical about whether anything could be done with Moretti. But he didn't tell me that. His conversations with me were, "Go do it."

Once this Medicaid reform bill came down, and his own other people, like Bill Evans [legislative aide, 1970-early 1973], God rest his soul, one of them said, "Hey, Brian is really doing this. I've been sitting in on these meetings. They're being reasonable, and they're getting something accomplished."

Reagan said, "Hey, wait a damn minute. Maybe I--" You know, as stubborn a fellow as Ronald Reagan is, he's no fool. And if he sees the train going the other direction, he'll change. He was waiting for somebody to show [him].

I said, "Hey, this guy Moretti is a reasonable guy. He's really got everybody's interests at heart, too. He's not in the mafia or foolish or anything. He's just up there trying to do his job. Sure, his philosophies are different from yours." But Bob Moretti is a great man, and I said, "You guys can work on this thing and get what you both want, and the State of California will be best served."

Morris: Was that a tough message to sell to the other people in the governor's office?

Brian: You almost have to qualify that by saying at what time. They probably didn't believe me at first. But when I walked down there with the bill in my hand, and they hadn't been able to get a damned thing done in five years, and all of a sudden we've got a reform-- They're no fools. I don't think there ever was a love relationship that developed, but it certainly transitioned from standoffishness to cooperativeness and an attempt to resolve something. This took weeks. This wasn't two days.

Morris: Right. It's billed as taking about six weeks at least after Moretti and Reagan decided it was worth seeing what they could work out.

Brian: It took four months before that.

Morris: Four months before that! [laughs] That must have taken quite a lot of energy. Was Jim Jenkins at that point head of public affairs in the governor's office?

Brian: Yes.

Morris: Was he helpful in strategy or doing some work hither and yon?

Brian: No. Well, I take that back. Somebody--I don't know who came up with this idea, but really before I ever got together with Moretti, somebody came up with the idea of going around the state with press conferences, stirring up the people.* Jenkins may have done that. I didn't have anything to do with that, other than I went where I was told and made speeches or made presentations. As far as I'm concerned, that probably softened up the legislature, but if it hadn't been for Bob Moretti, there'd have been no bill. It's just that simple.

If Bob Moretti had wanted to say there's going to be no bill, there would be no bill. If Bob Moretti had wanted to say there's going to be a bill, there was going to be a bill. He got in the mood to have a bill passed for reasons that aren't totally known to me.

Morris: The fact it was an election year?

Brian: I think that-- Why don't you ask him that question? Whatever his reasons were, I can certainly speculate on. And they probably have to do with press conferences, and they probably have to do with constituency pressures and ambitions on his part and genuine needs about what he felt the people of California wanted. All of those things. But I wouldn't want to prioritize them for you or categorize them for you. I just know that the guy started to get in the mood to pass

*See Robert Carleson's discussion of meetings held around the state in the spring of 1971, in interview for this series.

Brian: welfare reform, and I had the bill and had the personal relationship with him to get it through.

Morris: Right. Were you getting readings from the governor's people who were working on the campaign? Did that have any bearing on--?

Brian: No, all this happened after the campaign. This was after the election.

The election was November of '70. We didn't cut the program until December, which is what led them to charges that we had hidden this until the election was over, which is why they were trying to get rid of me. That whole sequence of events set into course my becoming friendly with Bob Moretti. Simultaneously we were putting in a bill, and then we used that whole mechanism as a device to induce the senate into passing the bill after it was all over with. All of that, that achievement, which didn't have the public attention focused on it, because nobody paid as much attention to Medicaid as they did to social welfare because they did not understand Medicaid, led to what I would consider to be paving the way for Moretti and Reagan and me and Carleson and everybody else in the world to get together and talk about the particulars of the welfare reform bill. And the same apparatus essentially was used to pass those two bills, and they went into effect at the same time, in 1971.

III SECRETARY OF HEALTH AND WELFARE, JULY 1972-FEBRUARY 1974

Management, Planning, and Control

Morris: Where was Spencer Williams in all this?

Brian: Oh, he was gone. When I came in as director of Health Care Services, which was in early '70 -- I was there as a consultant in January and became director in April -- Lucian Vandegrift had just become secretary of health and welfare, or at that time known as--

Morris: Human Relations Agency.

Brian: Health and Welfare Agency is the name I asked the legislature to change back to, because the other name was confusing. Nobody knew what human relations agency was.

I just went back to the legislature and said, "This is crazy." I said, "We've got a department over here called the Department of Human Resources Development, an agency called Human Relations. Nobody knows what this stuff means. So let's change our name to health and welfare and let's change human resources back to employment development or something."

Morris: Was Vandegrift there too short a time to really get a handle on some of these problems?

Brian: Vandegrift, you know, had been there as undersecretary under Williams. I don't know. Maybe the time just wasn't right for their styles of management.

Morris: Right. Then when did you decide that it was okay to take on the whole agency? You moved up from Health Care Services to--

Brian: Jim Hall was brought over to replace Vandegrift when he left. And then Hall got a job in private industry. And I went up sometime in '72. I've forgotten when, to be frank with you.

Morris: July.

Brian: Yes, that's about right. The middle of the year.

I didn't decide, though. The governor decided and asked me if I wanted to take the job.

Morris: How did you feel about that?

Brian: Oh, hell, I was ready to conquer the world.

Morris: Move on to bigger and better things.

Brian: Sure. At that point in my life, I thought I ought to be president.

Morris: Did you?

Brian: Sure. Absolutely.

Morris: Had you grown up with an interest in politics and that kind of maneuvering?

Brian: No, not at all. But once I got into it, I thought I was God's gift to politics. I found out subsequently I wasn't.

Morris: [chuckles] At that point, in '72, when you became secretary, were you already thinking that you might like to run for office yourself?

Brian: Oh, probably, but I don't recall it that way. Basically, I had a job to do, and I went in and put a bunch of reforms in, in prisons, employment, rehabilitation, and a bunch of other health areas that were important. Put those bills through. Had five programs, pushed them through the legislature, and got them all passed.

Morris: Is it true that you also, upon occasion, rearranged the furniture? Or had the furniture rearranged?

Brian: In my office?

Morris: In some of the reorganization, that it also involved telling people that things would work better if the furniture were arranged differently.

Brian: The furniture?

Morris: The furniture.

Brian: The people I rearranged. I fired a lot of people. But I didn't rearrange any furniture. You mean literally the furniture?

Morris: Yes.

Brian: Or is that some euphemistic way of asking did I hire and fire a number of people?

Morris: The phrase has been used, that Earl Brian was always rearranging the furniture. I assumed that they knew what they were talking about, so I didn't ask them whether they meant desks or people.

Brian: I've never heard anybody accuse me of rearranging any furniture. I'm not particularly big on furniture. [laughter] On the other hand, I certainly did make a number of management changes. Constantly, as I saw fit, to make the programs go.

Morris: How was it working with such diverse departments as Corrections, Employment, and Rehabilitation and things like that?

Brian: To double back on what I said, they're all in the human relations area. They all deal with people's needs. I think frankly that many of the management problems were common to all, and many of the needs were common to all. So I don't think there was any particular problem in diversity. I think probably the difference between what I did and what the predecessors had done is, I rode with a very heavy hand in terms of management in all those areas. The least probably would be Corrections, because we had a pretty heavy-handed manager there anyway by the name of Ray Procunier, who I thought, all said and done, although it was a very controversial area, really did a pretty good job. So I didn't ride hard on that as much.

Morris: There was some thought at one point of putting Corrections and the Youth Authority together into one agency, wasn't there?

Brian: They did that subsequently, but I never had any thought about doing that.

Morris: They were all pretty strong-minded people at that point.

Brian: Who?

Morris: You had Procunier and Allen Breed [director of the Youth Authority] and Bob Carleson.

Brian: Yes, they were pretty good managers. They were pretty good managers. Carleson wasn't, but those other two were.

Morris: And there was a person named Sigurd Hansen--

Brian: Yes, he was way over his head..

Morris: Had he come from personnel management?

Brian: Yes. He was a headhunter. He shouldn't have ever been in the job. He was a nice fellow, but he couldn't run that department. You know, the key to managing anything is staff, personnel. It's true in my business now; it's true then. And the older I get, the more I realize that personnel selection is the key to everything. And there's no sense kidding yourself. If you made a mistake, you've got to change it. I made a mistake keeping him as long as I did. I made a mistake on Bob Carleson, for different reasons.

Morris: He was already there.

Brian: So was Sig Hansen. I inherited them both.

Morris: The impression is that, as department directors, several of them had fairly strong ideas about how their operations should be run. How do you go about making all that work as an agency, philosophically and administratively?

Brian: In the first place, as far as I'm concerned, management is planning, staffing, organizing, directing, and controlling. So number one is give me a plan. Now, the plan had better be consistent with the goals and objectives of the law, the legislature, and philosophically with that of the governor and the administration. If it is, then you've passed test A. Now the next thing is to staff and organize yourself properly to accomplish it. If you do that, you pass test B. The third thing to do is execute the plan. And if you do that, you've passed test C. And the fourth thing to do is to check and make sure that what you thought you were doing, you did. And if you do that, you've passed Test D. Now, if they pass all those tests day in and day out, they continued as directors. If they passed some of those tests days in and days out, they may have stayed as directors. If they passed few of those tests, they flunked, just kind of like taking a test. You make D's and C's, you can stay there maybe, although you may be in trouble. You make A's and B's and C's, you're going to stay there for sure. And if you make F's, you're going to leave. And they flunked, so they left.

The Governor's Office; Agency Accomplishments

Morris: Applying that same rubric to the agency spots (as a group) when you took over the job as secretary, did you feel there was an effective plan?

Brian: Hell, no. There wasn't any plan at all. They were directing traffic over there. It was a deputy governor's position where the directors, basically, had to have somebody to talk to that presumably talked to the governor. The truth is, the agency secretaries were really talking to the governor's staff. Although in some cases they talked to the

Brian: Governor. And the Governor did keep up an open door policy, but he didn't control the door.

Morris: . The cabinet secretaries did, or the executive secretary?

Brian: Executive secretary. The executive secretary ran the show. The executive secretary is a very interesting guy (the one I had), who probably has as exquisitely good judgment as anybody in the world. That's Ed Meese. On the other hand, he couldn't administer as well as he thought he could. Fortunately for him, he de facto became a good manager by not being one. What happened was, he had so much to do and therefore so little time to spend to do it, that the effect was to delegate by default to cabinet secretaries all of the authority to run their areas. Those of us that were very strong-willed about what we did, and very authoritative about what we did, effectively ran our own things with iron hands and got backed up on that particular regard. Those that weren't, didn't. It was kind of what you wanted to do.

But we had no plan. And I can't say I contributed any great plan, as such. I contributed what I considered to be significant reforms of the laws and the programs, and I think I had a de facto plan. But I wasn't smart enough in those days to sit back and pontificate and think and sit down and write a program and say this is what it's going to be.

Morris: But you expected the fellows under you to have such a plan?

Brian: No, I didn't really expect them to have it.

Morris: How did you get away with that?

Brian: That's not fair. I didn't expect any more of them than I did of myself. Today I would. Today I would insist upon, "Hey, we're going to take thirty days and write up our plan as to what we're going to accomplish. And then we're going to live with it." Then I was doing that a little bit more by the seat of the pants than in a formalized way. Although we did progress towards the formalized approach rather significantly.

For example, we adopted in the agency the issue memo system that had been used in the governor's office. In fact, I had adopted that in my department. Try to do things in some sort of orderly manner, where everybody knew that we were singing off the same hymnsheet. So I'm not the world's best planner; I'm not the world's best manager. But I happen to know what best is. You understand? I'm not going to play basketball for the Los Angeles Lakers, but I know the difference between Kareem Abdul Jabar and my twelve-year-old son. You don't have to be one to recognize it.

Morris: Right. Did you bring on your staff some people specifically because they were good planners and good administrators?

Brian: Yes. I really brought some coordinators on the staff. I brought people that--probably not as efficiently as I could do it today, but they did, we created a mechanism whereby a person would be on my staff and be on the department staff at the same time. They would attend department staff meetings and attend my staff meetings. But they were my immediate subordinates.

Many of them have gone on to greater and grander glory in the last six months in the State of California [as appointees of Governor George Deukmejian]. I'm pleased to say that a lot of the alumni of my tenure serve both at the federal level now and at the state level.

And I'm also happy to say that all those that I didn't think were doing too good a job are still not doing too good a job. And those that I thought were generally [competent] have, without any help from me, proved themselves in the following years and now occupy positions of great authority. And I'm proud of that.

Morris: That may be a significant accomplishment.

Brian: Probably my only significant accomplishment.

Morris: [laughs]

Brian: No, when you get right down to it, it probably is. I mean, all joking aside. Laws change. Jerry Brown [Governor Edmund G. Brown, Jr.] effectively took about four years to undo much of what we'd done in the areas of reform in Medicaid and welfare, and those programs to one degree or another are out of control again. And they've got to be reformed again. It's sad, in a way, because it represented a pretty good baseline. It represented an opportunity to keep some things in place that now are being debated again and are going to stir up a lot of people again. If they'd just left them alone, we'd probably have a fairly even keel--people would know where they stood. By the way, by people I mean recipients, providers, and administrators. There would be some stability in the system, as opposed to this foolishness they're going through now, searching and groping around for a way to, basically, to run people back into the county hospital system, or a version of that. That's too bad, frankly.

You know, in the process of doing all that, we not only reduced the aggregate budgets two billion dollars in twenty months, we were able to increase the grants in that state in three categories to among the highest in the country. Essentially freed up dollars to do the good things that we wanted to do. I mean, everybody, I don't care whether it's John Burton or John Birch, is in favor of helping people who genuinely, through no reason of their own, can't help themselves. I mean, nobody's opposed to that. The difference in this society--

Brian: And thank God, by the way, that we're really arguing over very narrow zones of gray, as opposed to major philosophical differences, like between us and eastern bloc countries.

If you think about it, there really is no great debate in terms of where we're going overall, which is why I said probably the greatest contribution is the quality of the people we were able to recruit and get started. Because the thing keeps moving like a river that meanders somewhat from side to side but in fact, we're all going to the same place, and the changes are dictated by society, and society is going to get what it wants, one way or the other. Because this is a democratic society, thank God. So in reality, it doesn't make a whole lot of difference, other than, the people you got in there are good people, well intended, know their jobs, want to do their jobs, are happy in their jobs, are happy with their families, and tend to be getting more people that are the same way. Which is why I said before, Christ, we're in fifteen different businesses here in this company; if you say, "God, this is diverse," but no, it's not. Sure it is, but sure it isn't. People. It's people. It's all people. Everything.

Constituent Groups; Court Challenges

Morris: Right. Going back to the business about the people are going to get what they want, when you were trying to make headway in California, what kinds of people did you go out and talk to--constituent groups, consumers?

Brian: Of course, everybody. All the time. I must have given five thousand public addresses to everybody from A to Z, and I must have attended another five thousand types of conferences with people. I mean, that's all we did. You know, it was babble, babble, meeting after meeting after meeting.

Morris: Including welfare recipient groups?

Brian: Sure. They hated me. They personified in me everything they didn't like about Ronald Reagan. They thought I was out to cut their throats, which I was not out to do. But that's what they thought.

Morris: Did they understand this distinction between cutting the overhead and increasing the grants to individuals?

Brian: I don't know what they understood. I only know what they said. They're a special-interest group. Any reduction in the flow of resources to their special interest was not to their liking. And therefore, they

Brian: reacted politically and accordingly. And that's part of the game. I understand that.

Morris: If I'm a welfare mother with three kids who have asthma and broken legs and things like that, I want medical care for them.

Brian: Yes, and I do, too.

Morris: I'm not really aware of a large bureaucracy that gets paid for administering my grant.

Brian: But they have a lobbying group. Within that body of people are people that are politically inclined, and they bubble to the top with the help of liberal organizations. They bubble to the top as the leaders in their organizations, and they represented their constituency. Just like the doctors have theirs and the academicians have theirs and the canners have theirs and everybody else has theirs. So everybody meets in Sacramento and squabbles about what the outcome ought to be.

And I met with those people, too. I can't say to you that I went out and sought opportunities to meet with people who didn't like me. But somehow, they sought me out.

Morris: How about the medical profession and the insurers? One of the questions was of abuses by physicians.

Brian: The medical profession probably liked me less than the welfare crowd did. Or at least they were more organized in their disdain [laughter] for me. The medical profession acknowledged abuses. But, you see, nobody trusts anybody in politics. That's rule number one: Don't trust anybody. And there are no friends; there are only allies. I'm sure you've heard that. And today's ally is tomorrow's enemy. Now, the fact is, the medical profession knew that. I mean, these are smart guys, very smart guys. They knew there were abuses. They knew there were bad doctors. But from a special-interest point of view, if you let the camel get his nose under your tent for a legitimate reason, then he'll rush into the tent and eat your dinner. So, therefore, you had to essentially oppose or damn with faint praise anything anybody wanted to do that wasn't on your side of the ledger. And that's where, again, special-interest politics arises. The medical profession is no different from anybody else. So I did what I thought was best. They didn't like it.

When you strip away all the nonsense, that two billion dollars we reduced probably cost doctors alone one hundred fifty million dollars in claims. Take one hundred fifty million dollars over twenty months, and you divide it by fifty or forty thousand practicing doctors, you're talking about five thousand dollars a doctor--more for those

Brian: with heavy Medi-Cal practices. Five thousand dollars a doctor is less ability to pay dues to the California Medical Association, and so forth and so on. [laughter] I'm not being cynical about it. Frankly, I'm telling you, from my perspective, right or wrong, how it was.

Insurers. Insurers really weren't in the act to speak of. Insurance companies are basically another form of the government. Just pass-through organizations. Take in the money, collect it with one hand, and pay it out with the other hand. They really don't interfere too much with the process. Because their constituencies-- you see, they're insulated from the payor, but they're not insulated from the payee. They're insulated from the person that's giving them the money, because they collect it through payroll deductions and employer contributions. Very few people really have much to do with how much they pay for their medical insurance. They're very shrewd in insulating themselves from that. On the other hand, the doctors raise hell, like any other person would, about a bill they submit that doesn't get paid. So, since the doctors own one of the major organizations and the hospitals own the other major organization, the tone was set in the insurance community that you just sort of play the laissez-faire role. So they really weren't in the game.

Morris: How about the courts? Did you find that many of the regulations and changes that you instituted as Health Care director and an agency director, did they get challenged in the courts?

Brian: All the time. Several hundred times. But never beat us. If you're going to run up a scorecard, you'd say, well, we had three hundred challenges and two losses. Because we had good lawyers.

Morris: Did you have department lawyers, or did you use the justice department?

Brian: Both. Depending on the subject. When you went to court, you used the justice department. But in developing a program for what you wanted to do, in advance, you used your own lawyers. That's not a criticism; that's just the fact of the way it worked. You needed lawyers that were specialized in your area. The attorney general really didn't have--well, he had some that knew it, but he really couldn't provide you with the service-- I mean, the business of drafting legislation, drafting regulations, is as specialized and as different from the business of litigation as divorce law is from antitrust law. That's how specialized it is. We really churned up a lot of activity there in that three-year period of time that required a lot of legal help.

Morris: Did you expect the court challenges going in?

Brian: Oh, sure. We were paying for it. The government paid for it. Had to give them something to do, the CRLA [California Rural Legal Assistance] and all that crowd. [laughter] I mean, that was their lifeline; that

Brian: was what they did for a living. This country accepts the adversary process to the silly extent of paying for the adversary in those circumstances. I mean, that's how far it got to that side of the pendulum. It's now swung back quite a bit.

Observations on President Nixon's Approach to Welfare

Morris: How about the federal government? Did you assist Mr. Reagan in some of the concerns that he had about federal regulations and federal programs being part of the problem in terms of California?

Brian: Yes, I spent a lot of time with the federal government, because, number one, I liked Elliott Richardson a lot and got along with him fine. And secondly, I needed his approval to implement some of the provisions of the reform acts. [Third], I served in the White House in 1971-72 on the Health Services Industry Committee Subcommittee of the Economic Stabilization Program. And in the early days we had no staff.

Morris: In the Nixon administration?

Brian: Right. We had no staff, so I brought in my own staff, and we drafted most of the regulations. So California essentially established the federal policy in those areas. So didn't we assist? Yes, when things-- We didn't like HR 1 at all, and I raised a lot of hell to Cap [Caspar] Weinberger [then secretary of Health, Education and Welfare].

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Morris: You were saying you had a time with Cap Weinberger, but you didn't get very far with it.

Brian: By the way, I've got plenty of derogatory things to say about a lot of people, and Cap Weinberger is not one of them. I mean, I spent time with him, to answer your question, trying to convince him HR 1 was wrong, and he didn't believe it. He thought it was right, so I was not very effective.

Morris: Is that the Family Assistance Program?

Brian: Right. On the other side of the coin, a lot of other things I did with Cap Weinberger worked out to Reagan's benefit. You asked the question, did I help Reagan in Washington negotiations: Yes. And sometimes I was successful, and sometimes I wasn't. That was one of the times when I wasn't.

Morris: Your batting average is fifty-fifty, would you say?

Brian: In Washington?

Morris: Right.

Brian: No, better than that. Probably about eighty-twenty. In terms of the incidence, it's probably fifty-fifty if you consider the complete adverse effect of HR 1. I mean, the ones I won barely offset the one I lost. [laughs] Do you get me?

Morris: Yes. Was this -- what do they call it? -- detached service? You were still on Governor Reagan's--?

Brian: Yes, I mean, I went to Washington and lobbied for the State of California. I flew back and forth like everybody else. I wasn't detached; I mean, I was--

Morris: It was part of your job as secretary to be of help in that commission?

Brian: Sure. We dealt with feds all the time. Half our budget came from the feds. So we were fooling around with them all the time.

Morris: Was it with the Washington people you dealt most, or the western regional--?

Brian: Oh hell, always Washington. We never dealt with the western region at all. That was a joke.

Morris: I see. Then why did they bother to have the regional--?

Brian: It looked good, in effect. Ineffective, but it sounded good. We had routine paperwork back and forth with them.

Morris: Your deputies would work with them?

Brian: Oh, me. I mean, I met with them. If they didn't like something, we'd argue about it and then write them a letter. But if you want to get anything done, the regional office didn't do anything. You had to go to the source. But don't forget now, we were friendly with the source. Our relationship with the Nixon administration and the political appointees was a hell of a lot better than it was with the civil servants at the federal level.

Morris: Was it? You know, Mr. Nixon could be thought to have had some concerns about Reagan as governor, who by then had already made one try for the presidency.

Brian: It never got to this level. Not this kind of stuff.

Morris: It didn't? It didn't work in terms of--?

Brian: No. Well, I mean, if it did, they didn't tell me about it. It didn't seem to creep into what-- This thing's so damn vast. A hundred million dollar problem in the State of California, it'd never even get to the attention of the president or the governor. We can talk about major discussions and negotiations that were just not worth either one of their time.

Morris: That's interesting, because there are people who will tell you, "We couldn't get anything done with the Nixon administration because there were old political animosities."

Brian: They're crazy. They don't know what they're talking about. Ask those people what they tried to get done. They couldn't get anything done because they were inept. The soil was never more fertile for accomplishing anything when Richard Nixon was there and Ronald Reagan was there than any other time in history probably.

Morris: Really?

Brian: Absolutely. Obviously, if somebody came up with some cockamamie idea that was going to hurt Richard Nixon's chances of being elected president again, or whatever he was after, they weren't going to do it. But 99 percent of what we did wasn't even in that category. It was-- Take welfare, for example. They could have crapped all over us on that. And Bob Carleson almost made them do it, but the reason they almost did was because Bob Carleson was so hard to get along with, not because they had anything against Ronald Reagan or because they didn't want to help Ronald Reagan. Bob Carleson was a very angry person that nobody wanted to be around. And he made everybody mad, made all of his friends mad. It wasn't political at all. So we fired Bob Carleson and went and did the deal.

If they wanted to stop the program for political reasons, they could have. But that wasn't the issue. The issue was, hey, if it makes sense--we're of the same philosophy Ronald Reagan is. I mean, we're so close in terms of what we believe that the chances are that if you come up with an idea that sounds good [to you], it's going to sound good to us. If we come up with one-- Everything these guys proposed-- I mean, Jim Dwight was back there; he was Reagan's deputy director of finance. He was head of SRS [HEW subdivision in charge of welfare and health services]. Jack Svahn. All these guys were our friends. Both personally and politically. So to say we couldn't get anything done is just naive and stupid.

Morris: I was thinking about the theory that the Family Assistance Program was primarily a federalizing of welfare and [Governor Reagan was opposed to it].

Brian: And they [Nixon] believed that was good. In a lot of ways, they were right. In the pure philosophical sense, I think they were wrong, because I don't personally believe in centralizing, the federal government doing any damn thing. On the other side of the coin, though, from an administrative point of view, it is clear that the benefits, the benefit disparities, that existed in this country were inappropriate, and the Family Assistance Program was designed to take care of those inequitable things. So I can understand where they're coming from, and I don't think it was communistic. I just think it was an inappropriate solution to a problem. I would have solved it otherwise. That was my argument with them.

Morris: In terms of the California experience.

Brian: Not only in terms of the California experience, but more in terms of what it did to the State of California. I mean, that bill had an adverse effect on the haves and a positive effect on the have-not states. California was a have state. We'd done a hard job of making our own thing work correctly, and they basically were undermining it with that [FAP]. But from their perspective, when they had to listen to Mississippi and they had to listen to Illinois and they had to listen to Kansas, I couldn't argue with them too much. But it certainly wasn't because Richard Nixon didn't like Ronald Reagan.

They were responsible people who don't sit around trying to figure out how to get Richard Nixon reelected or get Ronald Reagan unelected. They're responsible people that are trying to do within their philosophical framework what they think is the best way to solve the problem. That's all. I mean, that's foolishness to say you couldn't get anything done because of the political differences between Reagan and Nixon. Sure, they're competitive. Of course they are. And I'm sure there are things that didn't get done. But to globalize that to the whole process is just ridiculous. You know? It's more a reflection, in my opinion, of the ineffectual nature of the people trying to get something done. Because that couldn't be one percent of the process I encountered. And I got a lot of things done.

Morris: That's very helpful.

Relations with Other Agency Secretaries; Financial Controls

Morris: How about this same kind of business in terms of relationships between what you were working on as agency secretary and other agency secretaries? In the cabinet sessions with Governor Reagan. Did the other agencies feel that the Health and Welfare Agency was the tail swinging the cat, or--?

Brian: Yes, damn right. First off, I think the interrelationship between all the other agencies and Health and Welfare was remote from a policy point of view. Other than the budgetary pressures, they really didn't have much to do with each other. Although the other agencies all had a lot to do with each other. Agriculture, Business and Transportation, and whatever the fourth one was.

Morris: Resources.

Brian: All had reasons to be around talking to one another. They didn't have to come in to be talking to me, except in a few program areas where there was overlap. On the other hand, they certainly had a lot of reason to be anxious about what we did, because we were sopping up so much of the state budget. I don't think I had any differences with any of them in terms of what we were doing programwise.

On the other hand, my differences with Verne Orr were legion, and I had a lot to do with him and spent a lot of time fighting with him. He spent a lot of time fighting with me. And then we had a great conflict going for three or four years.

Morris: Because he didn't think that the regulations and legislation that you had gotten passed were doing the job?

Brian: No, because he just thought I was seizing the authority that had traditionally existed in the Department of Finance.

Morris: How was that?

Brian: I don't frankly want to spend all day telling the history, but when I became Health Services director I appointed a guy to be my deputy director, and then I got a call from Jim Dwight, who said I couldn't do that. I said, "What do you have to do with the deputy director of the Department of Health Care Services?"

He said, "The Department of Finance approves all appointments."

I said, "I don't see that policy enunciated anywhere."

He said, "Whether you do or not, we don't like this guy."

I said, "Well, that's too bad, because I do." That argument raged on for a week or two, and then finally he said he was going to the governor with it. And he went over to see the governor. It was about three weeks after I'd been on the job.

I said, "Be sure to invite me." So we went over, and he presented his case, and I presented my case, and I ended up by saying, "Listen, whether or not this guy's a good guy or a bad guy is not the issue here. The issue is, am I running this department or is Finance

Brian: running it? If you want five more years of chaotic foolishness, then let the same Finance crowd run it. If you want it run correctly, let me run it."

. Reagan said, "I agree a hundred percent. Goodbye."

Finance people didn't know a damn thing about the programs. They merely wanted to run it from a distance, take no responsibility for it, have all the authority and no responsibility. It was a classic power grab that they had been able to effect, because they sat over there at the right arm of the governor, and when you don't understand things, and certainly our area was complicated to understand for the lay person, it's easy to reduce it to its lowest common denominator, which is dollars. Everybody understands numbers. So they had authority there. Never did they think that a director would come in and tell them to kiss off. I did, and I therefore earned the enmity of those guys from then on.

Morris: Was it Mr. Orr that went to Mr. Reagan, or was it Mr. Dwight?

Brian: No, Jim Dwight. But that started it. I mean Jim Dwight later turned out to be a very good friend of mine. The original argument didn't bother him. That was okay; we had that fight; go on to the next deal. Several months later Jim went to Washington anyway. But the bureaucracy at the department of Finance, Ed Beach, Roy Bell, and a host of other bureaucrats, effectively saw this as reducing their authority and started to fight with me every time they got a chance. And they had Verne Orr effectively carrying their shield for them. They were really smart in that sense. I mean, they are absolute past masters at grabbing the authority and taking no responsibility. And Verne Orr was so captive that he had them hand him the spear and he'd run and throw it at me every time an opportunity arose.

Morris: And what you wanted was a finance officer within your agency that would do the--?

Brian: That's not what I wanted; it's what I got. I mean, I got a budget, here it is, approve it. You guys at Finance want to audit what I do, or you want to debate the budget items in it, that's fine. But once it's done, get out of my life. I don't want to redebate you. You don't have anything to do with operating the program then. We had Finance guys all over the place.

You have plenty of responsibility at Finance to worry about statewide policy consistency. In other words, you can't have one agency paying seven dollars for paper clips and another agency paying thirty-six dollars. You can't have one agency going to one printer and another agency-- I understand all that.

Morris: That's the Department of Finance function, as you see it?

Brian: That and [Department of] General Services both. But, you know, sometimes they overlap. Finance had the overall budgetary planning process, and they had to deal with questions of revenue sources and taxation and that sort of stuff. And those were appropriate things. I mean, Ronald Reagan clearly cannot sit around, or any governor, and worry about every little nitty-gritty detail, but he needed controls. Finance provided good controls.

On the other hand, they had no business running our department, and when they tried to, I told them that that was unacceptable to me, in a manner that made them not like it.

Morris: Where did you get your finance person that you succeeded in getting in the agency?

Brian: I had a lot of them. I recruited them from other state agencies mainly.

Morris: And their function was to develop the budget to do what you wanted--?

Brian: Every department had a finance officer in it. Until my arrival, he was really kind of the step-cousin to the program person at the Department of Finance. The staff person at the Department of Finance would strut over to our office once a week, review the situation, and tell him what to do. I said that really wasn't consistent with the good management of those programs. So we stopped all that. And that made Finance very unhappy.

Morris: And you wanted to develop your own budget and then have it checked out by them after it had been--?

Brian: Let's just say I wanted more of an arms-length relationship with them, where it was their responsibility to compile everything and have the governor make policy decisions and us make policy decisions. But by God, within that framework, once we knew where we stood and we made our case, then we were going to run our own show. They weren't going to run it surreptitiously, which is what they were trying to do. Or by remote control.

[the following questions were sent to Dr. Brian with the transcript of the interview]

Morris: How did the cabinet meetings work, in relation to your concerns as agency secretary? Did the governor's staff and the other agency people have information or suggestions that were useful to you? Did you get any sense any of them thought the state couldn't control Medicaid costs, it should be turned over to the federal government?

Brian: Appropriate secretaries presented issue memos. Consensus was sought and then Reagan made a decision. Meetings yielded open participation and everyone tried to contribute. On technical matters the contributions were generally less helpful and fewer in number, as one might expect. I never got any sense that any member of the administration felt the federal government could manage Medicaid better than the state.

Morris: To what extent did the cabinet meetings deal with the political aspects of the decisions being made?

Brian: Rarely and minimally.

[Transcript resumes]

IV CAMPAIGN FOR THE U.S. SENATE; REAGAN'S SKILLS

Pitfalls of the 1974 Primary

Morris: Can we have five minutes on what made you decide to run for the U.S. Senate?

Brian: Sure. Basically, I thought I really liked politics, and I thought that Alan Cranston was vulnerable. I had a number of people talk to me and suggest that some of my philosophy and speaking ability -- I gave a lot of speeches and became rather practiced at it -- I could be elected to the United States Senate. Since I didn't have any firm plans for what I was going to do next, I said that sounded like a good idea.

Morris: You were thinking in terms of the Reagan administration winding up anyway?

Brian: Sure. Oh, absolutely. You know, I was leaving. So I said-- I looked at the numbers and thought it was a reasonable shot.

Morris: Did you go and talk to Mr. Reagan about it?

Brian: Oh, of course. Absolutely.

Morris: And what did he say to that idea?

Brian: He said, "I think it's a great idea. What can I do to help you?"

Morris: Really?

Brian: Sure.

Morris: Did he say you were out of your gourd?

Brian: No. We had numbers that showed I wasn't out of my gourd. It was not-- I had responsible, experienced campaign people who said, "You can win the Republican primary. Whether or not you win the general election is something nobody can predict at this point in time." But winning the primary would have been satisfactory in terms of starting a political career, because you immediately assume a position of authority within the Republican party. Now, I had no interest in being in the state legislature. I wasn't interested in that.

Morris: Why?

Brian: I don't know. It just didn't interest me. I could have done my thing at the state, but I wanted to go to the federal level. I really was torn between running for Congress and running for the Senate. Because it looked like it was going to be an open shot, a relatively open shot, to get the nomination--

Morris: For the Senate?

Brian: For the Senate-- I decided to do that instead of run in--I think it was the Third Congressional District. Whatever it was. Lyn Nofziger was devising a campaign.

[the following questions were sent to Dr. Brian with the transcript of the interview]

Morris: How did you happen to select Nofziger as your campaign manager?

Brian: I knew Lyn and respected his abilities.

Morris: He was involved with several other campaigns in 1974, I understand. Did that cause any complications for you?

Brian: Not really. He was providing strategic direction to my campaign and was always available as needed.

[transcript resumes]

Brian: Two things happened to adversely affect all that during the campaign. One was, people who had committed their good money didn't deliver, because of the general untrustworthy nature of people giving money, I guess, in part. But the more significant factor that hurt it was the fact that S. I. Hayakawa decided to run after I did. We knew that he couldn't because there was a law in place. But he decided to run and appeal and do the running.

Morris: Because there was a law in place?

Brian: Yes, he had been a Democrat within the prior two years. So he filed a lawsuit on that and kept the issue going until two weeks before the election. That led a lot of people who were trying to decide whether to support me or support him into being indecisive, and I couldn't get the support I wanted until two weeks before the election, which was too late. So we didn't get the funding for all the media budget. And Bill Richardson had state senator after his name, which was the other serious mistake I made, what I put after my name.

Morris: I forget what the ballot said.

Brian: Physician and administrator. I could have had it as secretary of Health and Welfare. But I didn't think--

Morris: Ah. You were too literal.

Brian: No, I didn't think it was appropriate to register to run on one day and resign that afternoon, which is what I would have had to do. I thought it was an immoral thing to do.

Morris: But you could run as physician and administrator--?

Brian: Well, that's what I was.

Morris: --and still stay in the cabinet?

Brian: No, I left the cabinet. I was out. I resigned. See, you have to say what you are. Once I had left the cabinet, I was no longer secretary of Health and Welfare. I was a physician and an administrator.

Morris: That's a very fine point.

Brian: If I had signed up to run the day I resigned, I could have put down I was secretary of Health and Welfare, which I had been advised to do, and I rejected the advice on the grounds--

Morris: Was it Lyn Nofziger's suggestion?

Brian: No, it was Bill Bagley's suggestion. And I rejected the advice on the grounds that I just didn't think it was the appropriate thing to do, and that somehow somebody would use that against me.

Morris: Why was Richardson running? I would have thought he would have been in support of--

Brian: Same reason I was.

Morris: --the kind of things that you were doing.

Brian: Oh, he was. He is a little further to the right than I am, but we didn't have any serious differences-- So he just thought he'd get the nomination and have his own political career, you know.

Morris: How did you find being out around California as a candidate, as opposed to being out carrying the governor's view? [laughter]

Brian: It was a very [pause] leavening experience, in terms of being out there running on your own portfolio. Actually, it was a very great experience, because I found out, number one, I don't like the day in and day out saying the same thing over and over to so many people. I don't enjoy the rote, repetitiveness of the political process. I did enjoy understanding directly from people what it is they thought they wanted or their interests were, and all the people I got to meet. And the territory I covered, the geography I learned. That I enjoyed.

I'm glad I didn't win in the primary, for obvious reasons, Nixon's problems. But I'm more glad even that I didn't win the primary because I didn't have to go out and campaign another six months. In retrospect, the right way to have run that campaign, and probably any campaign, is to forget traipsing around other than at night, hitting a few clubs, and spend all your money advertising on television.

Morris: You don't think it's worth getting out there and pressing hands?

Brian: You can't see enough people. You've got to do some of it to be credible, but you can't win sufficient votes doing that. Only through advertising. You can't reach enough people. Impossible.

Morris: The people that you did come in contact with, did they respond to you as a physician, or did they respond to you in terms of the broader range of their concerns about the great state of California and federal policy?

Brian: I'd say some of both. Looking back on it now, it's hard to remember those kinds of fine points. I, of course, being an egotistical person, thought that I knew enough about everything. Most people, being very polite, probably didn't go out of their way to remind me that some of the things I thought I knew, I didn't. So who knows what the response was?

Morris: You know, Hayakawa was so closely identified at that point with having put on his tam o'shanter [as president of San Francisco State University] and told those rowdy students to behave, that--

Brian: And if I could have somehow found where Patty Hearst was being held, I would have been elected, too.*

Morris: Those issues were on everybody's minds?

*Daughter of publisher William Randolph Hearst, who was kidnapped in Berkeley on February 4, 1974, and held for many months amid extensive publicity by the Symbionese Liberation Army, a small band of social revolutionists.

Brian: It wasn't issues; it was publicity. It was identification.

Morris: Recognition, yes.

Brian: I mean, it's any event that captures everybody's attention together at one time. We're in the television business here and own a nationwide network now. So we're all the time fooling around with a lot of these TV celebrities to put them on our show. We're on live seven hours a day, going to twelve hours a day, all over the U.S. market, called Financial News Network. So I meet a lot of these guys, and I was talking to Ted Koppel the other day. Ted Koppel was essentially a nobody until the hostages got grabbed in Iran. When they did, and he started his evening show, he became famous. Now, he was the same guy before that happened and after that happened. S. I. Hayakawa was exactly the same guy before he jerked the cord out of the microphone [of protesting students]. But everybody was so scared that the campuses were going to erupt, and they were going to go around killing people, that anybody that stood up against it in any shape, manner, or form, and got away with it, became a folk hero.

I didn't have that benefit. I probably had some in some quarters that provided a base upon which to run, by virtue of my identification in Sacramento, because I had a lot of press, some good and some bad, but a lot of exposure. So I had pretty good name identification, better than anybody thought. Which is why it wasn't just a completely idiotic idea to run. At that point in time.

Morris: How about the fact that--was the boy wonder question raised, that you were kind of young for this, that you needed some seasoning?

Brian: Nobody raised it to me. But I'm sure it was on some people's minds.

Morris: You were, what, thirty--you must have been thirty-five if you were going to run for the Senate, isn't that right?

Brian: Let's see, what year was that? That was '74. No, I was thirty-two. You don't have to be thirty-five. You have to be thirty to run for the Senate, and twenty-five to be in Congress.

Morris: Okay.

Brian: But, there was another guy--right after that, I was selected as one of the ten outstanding men in America and went to this big shindig down in Mobile, Alabama, and there was a guy there that had just been elected to the United States Senate who was younger than I was. Still in the Senate. Joe Biden from Delaware. He had been selected that same year for this award.

Brian: So I think probably in that particular regard, nobody in California gives much of a damn about that. I don't think they'd care whether you're old, whether you're young, or whether you're middle-aged or what you are. I think it's really probably, from my perspective, particularly living back here [in New York] now, the most independent bunch of voters that has ever been created anywhere. People in California, to my mind, are smarter politically than any other group of people within a state boundary. The people in the South are herded around like a bunch of animals. The people in the North here are bought. Politics here is as close to prostitution as it is in the Midwest. But in California it's not. In California it's a media game. But they've got pretty good sense about what the story is. They kind of swashbuckle around and look into it, and then they make their minds up. Very interesting. That's why I think it probably sets the trends for every other place. People are very independently minded about what's happening.

So, thank God, I got back to the private sector alive, well, and happy.

On Proactive and Reactive Politics

Morris: [laughs] Is there anything else about your experience with Ronald Reagan and California government that would be useful to either aspiring politicians or aspiring public administrators?

Brian: Oh, I think probably the only two things that would be really worthwhile is that people should be very, very careful not to discount politicians who have views different from theirs. I think Reagan learned that, and I think people who are running for office are going to learn that, because we're operating in a pretty narrow band in this society, and everybody is really sort of chasing the same goals. Ronald Reagan proved that.

Morris: Does the very narrowness of the goals increase the heatedness of the debate?

Brian: I think so, sure. They've got to argue about something. What happens if we have a war? You watch, those debates will disappear, because all of a sudden the common goal exceeds all these little subgoals. But, you see, when Reagan proved that in California, I knew if Ronald Reagan maintained his health that he'd be the president of the United States some fine day. For two reasons. One is, he completely understands what the common man wants to hear. Completely. He can read the collective masses' attitudes better than anybody I have ever seen. He's really got insight into it. And then he can turn around and effectively communicate back to them in a way that doesn't threaten them. So he's the man to carry the banner for them.

Brian: Now, it astonishes me that other politicians for whom I have regard, high regard, continue to miss that in him, to the extent that Tip O'Neill, sitting in his office when Reagan arrived in Washington, after this man has just been elected, has just beaten a sitting, incumbent president by what really is a landslide by popular-vote terms, has just beaten the guy, and he [O'Neill] has the damn audacity to say to him, "Hey, little boy, this is the big leagues. You don't know what you're doing here." I mean, he told him that. That's incredible to me, all right? It's like my telling John Burton, because I don't agree with him, that he doesn't know what he's doing. I used to argue with John Burton all the time, but I never had any disrespect for him in terms of his ability to act as a politician.

Reagan demonstrated, and continues to demonstrate today, that he is the man of the hour when it comes to synthesizing diverse political interests and coalescing them through the media to be appealing to more than fifty-one percent of the people. Better than anybody I've ever seen.

Morris: How much distance is there between being able to sense what the people want to hear and what you may feel is essential to be done?

Brian: There's a lot of distance. I think what Reagan does is that what he believes is really what the common man believes, and what he is able to do, he's able to communicate it to them in a way that doesn't so alienate the people who don't like it, but it appeals to the people who do like it. He is a leader in that sense.

That, by the way, is the difference between the people that make it to be president and the people that don't win U.S. Senate nominations. Successful politicians and unsuccessful politicians. I was an unsuccessful politician. And one of the reasons for it was probably a very significant reason, is that the things I wanted to lead with, I couldn't convince most people were right for them. Because I have no interest in being a passive politician. I have no interest in sitting back and merely reflecting what the constituency tells me after the fact. My own personality demands that I try to anticipate, try to proactively [sic] resolve things.

Ronald Reagan is the past master at this, the past master. Now, there is a spectrum between proaction and reaction, and I don't think anybody can be in all cases totally proactive, anticipatory, and solid. We're all reactive, but the less reactive you are in that spectrum, and the more proactive you are, the better it is for the American people, or any body of people. This man has that capability far beyond anybody I've ever seen.

Morris: Of being proactive?

Brian: Of moving from being totally reactive towards significantly proactive. You never achieve either end completely. Nobody does. And Jimmy Carter was incompetent. Why? Because he couldn't even react effectively. All right? Richard Nixon was very proactive when it came to foreign policy. This guy could sit back and think up things that have been very beneficial to this country. Lyndon Johnson was very proactive when it came to the concepts of putting through the legislature programs he thought were important. On the other hand, he was very incompetent in a reactive manner when it came to the questions of what to do about the Vietnam War. Ronald Reagan as a politician beats all of those people hands-down. John Kennedy probably had the same ability.

Everybody says, "God, he was so charismatic." It wasn't because he was charismatic. Sure, he was charismatic. But all presidents are charismatic when you get right down to it. Jimmy Carter is charismatic, a person that you can look at and say, "Gee, his form is great." The question is, what's the substance? In Reagan, not only does he have more substance in the proactive/reactive sense and insight into what's needed and what people want and the ability to put it in the form they want to hear, this particular guy has the ability to do it and completely fake people out into thinking he has no substance. [laughter] Which is probably his greatest and most important attribute.

I learned--I mean, I used to be brought up short sometimes by sitting around these meetings, and he would bring up something that was said two years before and almost quote it. By God, I didn't even remember that. This guy's mind is far deeper than anybody imagines. He fools them by this gee-golly midwestern actor's style he's got.

##

[Morris: Are there any specific examples of what you learned from him?]

Brian: [He gave me] a lot of words of wisdom and a lot of good advice, but nothing I'd particularly want to discuss here.

Morris: Okay. Thank you. I appreciate that, and--

Brian: I enjoyed seeing you. Incidentally, if you want more detail on the numbers, the implementation of the changes we made, talk to Richard Camilli. He handled all that; he's the deputy director I told you I had the flap about with Finance. He's still in Sacramento. Now he is undersecretary of Health and Welfare. [Mr. Camilli was later interviewed for this project.]

[End of interview]

TAPE GUIDE -- Earl W. Brian

Date of Interview: May 12, 1983

tape 1, side A

1

tape 1, side B

15

tape 2, side A [side B not recorded]

27

Final comment written in reply to query sent
with edited transcript

43



INTERVIEW

45

Medi-Cal Chief Discusses Program

Dr. Earl W. Brian, 28, is Director of Health Care Services and responsible for the management of Medi-Cal, a billion dollar program which now covers more than two million Californians. This interview, edited to fit these pages, was conducted July 21st.

Journal: Can you tell us a little bit about how you happened to find yourself in this spot?

Brian: I came up in 1967 to join the Reagan administration, and I was Executive Secretary to the State Social Welfare Board for seven months. You might say that was sort of my apprenticeship in state government. I learned something about the welfare program and something about this agency and some of the programs going on inside it. Then I went into the military for two years, and at the end of my military tour in January of this year, the Governor's appointments secretary asked me if I was interested in coming back. Mr. Carel Mulder, the former director, was planning to retire at the time, and this seemed sort of a natural because many of the parts of this program are welfare-related.

Journal: Has your lack of experience in private practice and in public medicine been a drawback, or do you see this as primarily an administrative job?

Brian: While I didn't practice medicine exactly, I did practice medicine in a university setting and in a county hospital setting while I was going through medical school and after I finished medical school. So while I never owned an office in town and treated patients in a private office, I did have quite a bit of experience in patient treatment, and I, of course, had a lot of contact with individuals that were in a private patient setting. On top of that, my father practiced medicine for 30 years in North Carolina where I was raised.

To answer you directly, this job is primarily administrative, but you need background experience or at least information in a variety of areas. Even though I haven't practiced medicine, I know a great deal about the practice of medicine.

Journal: Do you feel yourself to be a representative of the administration in this department or a representative of this department serving the administration?

Brian: I think the role changes continuously. When I go to the cabinet to make presentations, I'm very mindful of what the administration wants before I go there, and usually have tailored my presentations to meet the expectations of the administration. As such, though, I'm often representing the program of the department and how it interrelates with federal regulations, and I have to interpret this for the administration. At other times I'm purely a representative of the administration when I'm out speaking on behalf of the administration, and I'm closely aligned with this administration.

Journal: How well do you feel Medi-Cal has done in meeting the objectives that were set for it when it was established in this state?

Brian: There's no question that a great deal of health care has been purchased for a large number of people. And there's no doubt this has done a great deal of good. Unfortunately, I think the program has grown so rapidly that other priorities of government which are important to California citizens have been threatened.

For example, this program is now bigger than the California highways program for the next year. We're bigger than the entire University of California education system. While no one will deny that health care for the indigent population is important, no one will deny that highways are important and, even more so, that education is important. So with this in the back of your mind I think you have to conclude that probably expenditures in this program have grown too rapidly or more rapidly than were anticipated and as such have over-achieved some of the objectives that were set out.

I think what we have to do, and we've been doing this now for the past four months, is exert every possible control we can exert in an attempt to make sure that we're getting a dollar's worth for a dollar spent. Now, once these controls are all applied and there are no more other controls to apply, I still think health care is expensive, and if you're going to buy health care then you are going to have to expect to pay a high price. I don't think it differs for the state of California any more than it does for you as a private citizen.

Journal: Could you describe briefly the management devices you've used to control the cost of the program?

Brian: That's quite a question. I'll take it area by area. First, on April 1st we predicted a \$15 to \$20 million deficit if something was not done. We instituted pre-admission authorization for non-emergency hospital admissions on April 1st. This has been quite effective in controlling the budgetary problem. As an offshoot from that, we went into an experimental plan with Sacramento County called the Certified Hospital Admissions Program (CHAP) which was developed by the Sacramento Medical Society, and we are now trying to implement that statewide. Where the local medical society control mechanism goes into effect in other parts of the state, pre-admission authorization will be deleted.

In the area of nursing home care, we have in the field now, in training, medical-social review teams which are teams composed of two social workers, two nurses, and a half-time doctor, and they go out and review every nursing home patient. They will try to move some of these patients to lesser cost facilities. This will be coupled with the intermediate care concept coming into effect on September 1st, which will allow more places for these people to go between the nursing home and the residential care facility.

In the drug area, we are considering a new method of reimbursing the pharmacist to make sure that he is reimbursed for the actual service provided. By this I mean, if an individual is delivering drugs to a home he'll receive more of a reimbursement than the individual that's not.

We had regulatory hearings on June 24th regarding medically needy eligibility. We really attempted to do two things here. One was to go to an administratively less costly mechanism for these people — in other words, put them on a quarterly certification period rather than monthly. And we wanted to see for certain that they were meeting their share of cost, so we put a very tight certification system in

whereby the state unit will see that the cost is actually met before they become certified for receiving Medi-Cal benefits. At the same time we brought them down in line with what we think is consonant with the Department of Social Welfare and existing state law. We anticipate that when these regulations go into effect August 1st, about 50,000 people will initially go off the rolls, but within a six month period all but 10,000 will come back on. The primary people in the 10,000 are people who have rather large real estate holdings in excess of their home and \$20,000 in market value real estate. So this is the type of person that will be bumped off the program on August 1st.



Hugo

Dr. Earl W. Brian

Journal: What have you learned about the possibilities for smaller scale, pre-paid health care plans from the experimental program in San Joaquin County?

Brian: This was a project whereby the state paid the medical foundation in San Joaquin County a certain amount per month per recipient to provide physician services. The difficulty arises from two problems: first, San Joaquin is different from any other county in the state, so it is difficult to compare San Joaquin with what's going on in Sacramento County; second, it's very hard to break out the actual expenditure statewide compared to what's going on in San Joaquin County. What we have learned over a period of time — and we've learned a great deal about how to conduct these programs — is the fact that you really have to widen your scope. We're now negotiating with them so that their new contract will cover all of the medical services.

Journal: But what have you learned about smaller scale prepaid programs as an alternative to a single statewide program?

Brian: We've learned quite a few things, but we haven't learned enough to say that this is the way to go or not. The reason is that from an experimental point of view and again, because of the changes in the major program here and controls that are being applied, it's hard to compare the two back and forth. What we do know is that in a closed panel situation like Kaiser the major saving is hospitalization. In the Kaiser system, I think the incidence of hospitalization is half what it is in the private community. So if you try to move prepaid systems into something like this — and really the essence of prepayment is to force people into controlling their activities — the question is, do they do it or do we do it, or does the federal government, or does the Legislature.

Journal: People in the Legislature who are particularly interested in smaller prepayment plans are concerned about the \$5 million Lockheed Medi-Cal Management System. It looks to them like you are constructing a very costly and complex management system for a statewide program which you wouldn't later be able to disassemble.

Brian: Well, that's not really true. These are two different things. As a matter of fact, there is consideration being given to the prototype counties to combine a prepaid program in those two counties with the management system. The management system itself really is a markedly improved claims processing mechanism. Built into it are a number of utilization review controls that are instantane-

ous. They are all computerized, and they cross check one another.

Journal: Once you establish such a system for processing claims won't you be dissuaded by the fact of its existence from considering alternatives such as the smaller prepaid plans?

Brian: No, we won't be dissuaded at all. This thing now is 18 months away, and it's only an experimental plan in two counties. If, let's say, I decided today that we wanted to go statewide with Medi-Cal management, it would be five years before we could go statewide with it. While the experiment is being conducted with the Medi-Cal Management System, experiments are also being conducted with a bunch of prepaid plans.

Unfortunately, I think the prepaid small clinic concept today is very popular and as a result is getting a lot of push from a PR point of view that may not be totally founded. There is no question we have to have some kind of control mechanism implemented, but whether the way to go is a small prepayment contract, I can't say. What I can say is that we're not just going to pursue small prepaid plans and forget every other possible alternative.

Right now we're also exploring with the CMA a prepayment plan whereby they would take the responsibility. This to me makes a great deal of sense. If you look at the health dollar, about 85 percent is doctor-generated, but only about 15 percent is doctor-reimbursed. So the doctor's getting 15 cents of the dollar, but he is in essence responsible for another 70 cents. So I think that if you try to get the control away from the spark plug of the system, you're just hopelessly lost.

Journal: As a doctor, does it bother you that some people who may need health care are not getting it?

Brian: Sure, it bothers me that there are people all over the world that need health care that aren't getting it. There are people in California that are wealthy that cannot get it for a variety of reasons, and this bothers me. I don't see that the need for it has a whole lot to do with what you do. My job here is to provide as much to as many with the funds available. The fact is that the Medi-Cal patient is receiving more today than is the average citizen. In this state right now, we spend about \$550 per year for a Medi-Cal recipient. The HEW report from last year across the country shows the average American citizen spending \$247 a year for his health care.

Journal: What do you see in the future for health services of the state? What is going to happen in the next 10 years?

Brian: There are four major groups moving around Washington trying to go to straight national health insurance. One of the proposals pretty much leads to the system of health care delivery as it is. On the other end of the spectrum, there's a proposal that just came out last week from the Committee on National Health Insurance, with their actual goal, stated clearly in the preamble, to change the delivery of health care drastically. I'm not sure this iconoclastic point of view is the best. You're not going to talk physicians en masse into changing tomorrow from a private practice setting to a clinic setting — you're not going to do it. The fact is, though, that tomorrow you and I and every other citizen are going to have health care demands that have to be met. So I say that's fine, if there's a new system we're going to need let's try to develop one, but in the meantime let's devise something where everybody can receive his health care at a reasonable cost and be assured of the fact that he is going to have access to good health care.

INDEX — Earl Brian

agency system of administration,
21-24, 31-32
appointments, governor's, 2, 5, 20,
24
appointments, presidential, 29
assembly, California, 11-13
assembly speaker, California, 11,
13
attorney general, office of, 27

Bagley, William T., 38
Battaglia, Philip M., 5
Beach, Ed, 33
Bell, Roy, 33
Biotech Capital Company, 22, 25, 40
Birch, John, 24
Blue Cross, 6, 27
Blue Shield, 6, 27
Breed, Allen, 20
Brown, Edmund G., Jr. (Jerry), 24
budget, state, 3-4, 5, 24, 29, 30,
32, 34,
cutbacks, 13, 18, 25-26
Burton, John, 11, 24, 42

cabinet, governor's (Ronald Reagan),
23, 31, 34-35, 43
California Medical Association, 27
California Rural Legal Assistance
(CRLA), 27-28
Camilli, Richard, 32, 43
campaign finance, 37-38
campus unrest, 39-40
Carleson, Robert, 9, 18, 21-22, 30
Corrections, Department of,
California, 21
Cranston, Alan, 36
county hospitals, 24

courts,
and health care, 27
and elections, 37-38

Democratic party, Democrats, 11
Deukmejian, George, as governor, 24
Dwight, James S., 30, 32-33

Economic Stabilization Program,
White House, 28
elections, 1966, 2
elections, 1970, 2, 1/
elections, 1974, 20, 36-42
Employment Development, Department
of, California, 19
Evans, William, 16

Family Assistance Plan, (H.R.1,
1972), 28-31
federal government, 6, 24, 28-31,
34-35
federalism, 30-31
Finance, Department of, California,
32-34
Financial News Network, 40

General Services, Department of,
California, 34
governor, office of (Ronald Reagan),
5, 6, 16-17, 22-23

Hall, James M., 19
Hansen, Sigurd, 21-22

Hayakawa, S.I. (Sam), 37-39
 Health and Welfare Agency,
 California, 19-24, 2/, 31
 Health, Education and Welfare,
 Department of, U.S., 30
 health care delivery, 6-7, 9, 24,
 26-27
 Health Care Services, Department of,
 California, 5-7, 23, 27, 32-33
 Hearst, Patty, 39
 Human Relations Agency, California.
 See Health and Welfare Agency
 Human Resources Development,
 California Department of. See
 Employment Development, California
 Department of
 Hutchinson, Ned, 2

insurance industry, medical, 27
 issue memos, Reagan administration,
 23

Jenkins, James E., 17
 Justice, Department of, California,
 27

Koppel, Ted, 40

legislature, California, 3, 8-12,
 19. See also assembly and
 senate
 liberals, 26
 lobbying, lobbyists, 26, 29

Medicaid. See Medi-Cal
 Medi-Cal, 2-7, 11, 2/
 reform, 8-9, 13-18, 24, 34-35
 medical profession, 26-2/

media, 11, 17, 38, 39-42
 Meese, Edwin, III, 23
 Montgomery, John, 3
 Moretti, Robert, 10-11, 13-16, 18
 Mulder, Carol, 5-6

Nixon, Richard, as president, 28-
 31, 39, 43
 Nofziger, Franklin C. (Lyn), 37

Orr, Verne, 32-33

Procunier, Raymond K., 21
 public employees, 20-22, 24-25, 29

Reagan, Ronald, as campaigner, 36
 Reagan Ronald, as governor, 2, 8,
 10, 12, 15-16, 18, 20, 22-23,
 25, 28-36
 Reagan Ronald, as president, 41-43
 reorganization, state government,
 4-7, 20-21
 Republican party, Republicans, 37
 Richardson, Elliott, 28
 Richardson, H.L. (Bill), 38-39

senate, California, 14-15
 Social Welfare, Department of,
 California, 5-6
 board, 2-4
 special interest groups, 8-9, 25-28
 Svahn, Jack, 30
 Symbionese Liberation Army (SLA),
 39n.

task forces, 8

Teale, Stephen, 10
transition, 1966-67, 2
transition, 1974-75, 36

Unruh, Jesse M., 2

Vandegrift, Lucian, 19

Weinberger, Caspar, 28
welfare, 2-3, 5
welfare recipients, 12, 24, 25-26
welfare reform, 8-9, 18, 24, 28, 30-
31
Williams, Spencer M., 19

youth, 40-41

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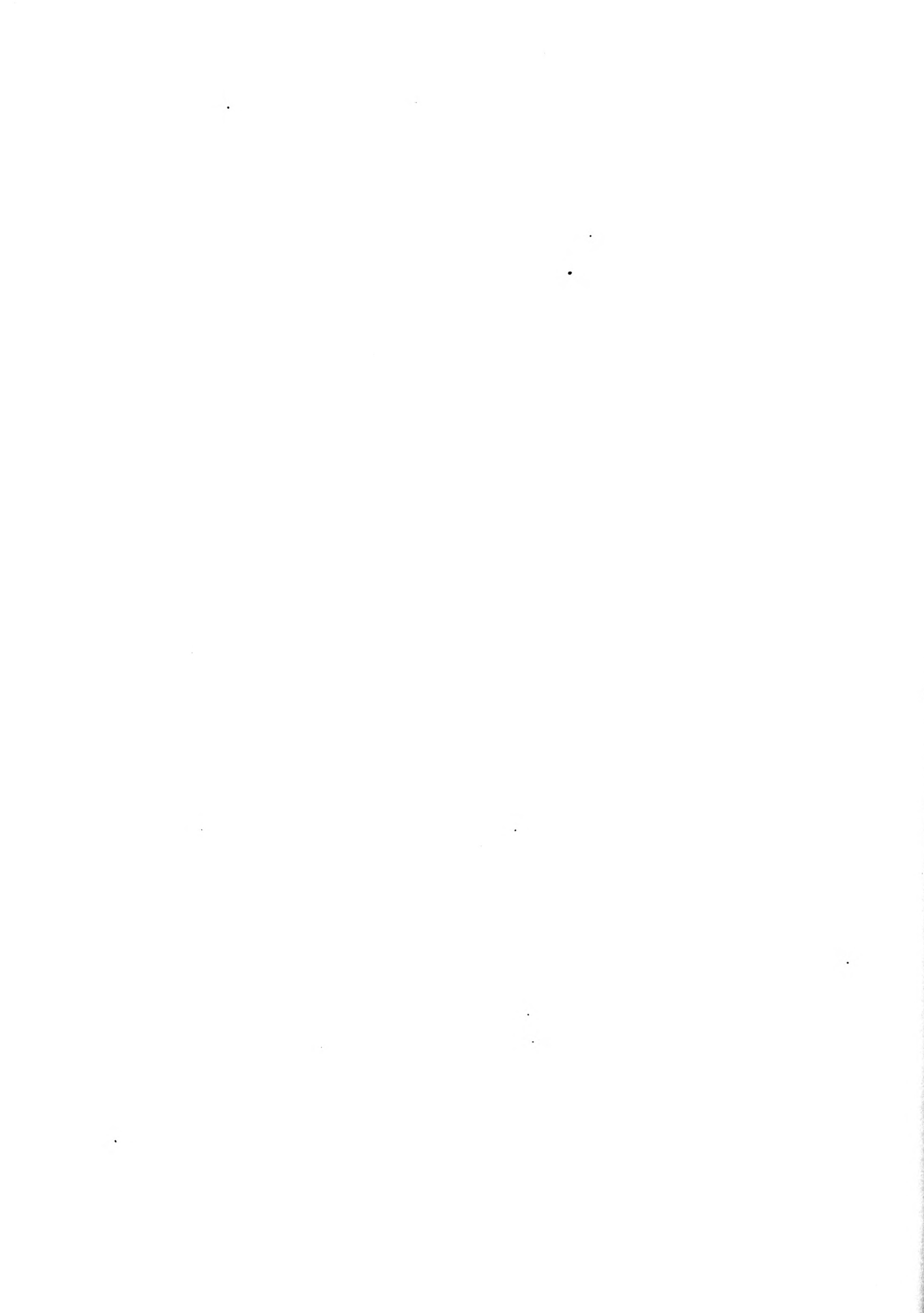
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Government History Documentation Project
Ronald Reagan Gubernatorial Era

James G. Stearns

JOINING REAGAN'S CRUSADE IN SACRAMENTO:
CONSERVATION, AGRICULTURE, AND EMPLOYEE RELATIONS

An Interview Conducted by
Ann Lage
in 1985





JAMES G. STEARNS

TABLE OF CONTENTS -- James G. Stearns

INTERVIEW HISTORY	1
I HOMESTEADING AND POLITICS IN MODOC COUNTY, CALIFORNIA	1
Election as County Supervisor, 1950	1
Appointment to the Reagan Administration	2
World View from Modoc County	3
Family Origins	6
II DIRECTOR OF THE DEPARTMENT OF CONSERVATION, 1967-1972	8
Reorienting the Divisions, Cutting the Budget	8
Department Personnel and the Reagan Philosophy	11
Cleaning Up the Santa Barbara Oil Spill	14
Observations on the Resources Agency	16
Disagreements within Resources--Alaskan Pipeline, Dos Rios Dam	18
III MAJOR ISSUES IN THE AGRICULTURE AND SERVICES AGENCY, 1972-1974	21
Appointment as Secretary: Fulfilling a Promise to the Agricultural Industry	21
The Occupational Safety and Health Program: Preventing Labor's Hidden Agenda	25
Confrontation with State Employees in Forestry and Water Resources	29
Clearing the Air--City of Sacramento Firemen's Strike	33
Right-to-Strike and Collective Bargaining Issues for State Employees	35
Farm Labor Militancy	40
Pesticides Regulation in Agriculture	42
IV THE AGENCY, THE CABINET, AND THE GOVERNOR	46
Appointing Department Directors: Political Criteria?	46
Resolving Conflicts between Departments	49
Advice to Reagan on Establishing the Energy Commission	51
The Cabinet as Advocate: Influencing Reagan's Decisions	53
Personal Recollections of Reagan and Ed Meese	55
TAPE GUIDE	60
AFTERWORD	61
APPENDIX - Announcement of Appointment as Director of Department of Conservation	63
INDEX	64

INTERVIEW HISTORY

James G. Stearns, department director, agency secretary, cabinet member, was recommended as an interviewee in the Reagan Gubernatorial Era Project not only for the positions he held but also for his reputation as a clear-thinking, well-informed, and outspoken member of the Reagan administration. We were told that he was "interesting on any subject," his remarks "cut through to the heart of the matter," and that these qualities gave him a pivotal position in Reagan's cabinet during his term as secretary of the Agriculture and Services Agency from 1972 to 1974.

During the two-hour interview conducted on March 14, 1985, Mr. Stearns confirmed these judgments. He spoke candidly and succinctly about his appointment and term as director of the Department of Conservation, his role as agency secretary, and his responsibilities for state employer-employee relations during a tempestuous period of strikes and threatened strikes. The interview contains some colorful descriptions of interagency and interdepartmental relations and of decision making in the Reagan cabinet. Stearns's remarks on his background as homesteader-farmer in rural Modoc County and long-time county supervisor and on his understanding of the Reagan philosophy of government illuminate the sense of commitment and the philosophical underpinnings that Stearns and many other Reagan appointees brought to Sacramento.

Following Reagan's election as president, Stearns moved to Washington, D.C., to head the Securities Investor Protection Corporation. At the time of this interview, he had again moved West, to Reno, Nevada, and was serving as chairman of the board of this quasi-governmental organization. The interview was conducted at The Bancroft Library during a visit by Stearns to the Bay Area. Mr. Stearns reviewed the interview transcript, making only minor editorial changes and adding the thoughtful afterword to his remarks.

In concluding his interview, Mr. Stearns jokingly remarked that there wasn't "enough paper in Berkeley" to cover his complete thoughts and recollections of his years with Reagan in Sacramento. Readers interested in pursuing further the details of his work will find his public papers at the University of Wyoming. Other materials documenting the Department of Conservation and the Agriculture and Services Agency are available in the Reagan Papers at the Hoover Institution.

Ann Lage
Interviewer-Editor

July 1985
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley

I HOMESTEADING AND POLITICS IN MODOC COUNTY, CALIFORNIA

[Date of Interview: March 14, 1985]##

Election as County Supervisor, 1950

Lage: We want to start first with something about your personal background, not in tremendous detail, but I think it has a lot of bearing on what you did in the Reagan administration--maybe some of your attitudes and your takeoff points.

Stearns: Yes, I can summarize that very briefly. Following World War II, the Bureau of Reclamation awarded homesteads on a lottery basis to veterans of World War II, at Tule Lake in the Klamath project right up by the Oregon line. I, along with a lot of other people, applied and, against odds of about thirteen to one, I drew one of those homesteads.

Lage: It was a lottery basis?

Stearns: A lottery basis. The balance of the Homestead Act applied: we had to farm it and live on it for a period of three years before we could apply for a patent. Now, my wife, June, and I moved on, and we did that, and we moved into an area where there were no roads but just withheld rights of way: no power, no telephone, wholly and completely inadequate schools. We went to the county seat in Alturas and asked the board of supervisors for at least some roads so we could get our children and our wives to the doctors, and so on. They pretty much told us that after we'd paid taxes for about five

##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 60.

Stearns: years, we could maybe come and ask again. We could figure simple arithmetic, and we had a town meeting in the Modoc side of the line up there, and agreed to select one person to run for the board of supervisors in that district. Nobody else would run and mess it up, and we would take over the seat, and we would holler from the inside.

Lage: Who was behind that? Were you one of the instigators?

Stearns: I was one of the instigators, but the idea of putting my own name up had not occurred to me and had certainly not occurred to June. When I came home and told her that they had nominated five people and I had won, she went right through the roof! [laughter] Anyway, I ended up staying on that board of supervisors for sixteen years.

Lage: What would the date of that--

Stearns: I went on the board the first Monday in January 1951. I won the primary election in June of 1950. So that would be now very nearly thirty-five years of some sort of public involvement. I thought that it would take me about eight years to accomplish what I needed to accomplish; it took me sixteen. I think this is an experience, in effect, that Ronald Reagan has had, both as governor and as president; it has taken him at least twice as long as he ever thought it would to get done what his own personal goals were.

In any case, at the middle of the fourth term, I elected not to run. I had bought more land. My farming operation was larger. I was flying for a cropdusting outfit and had been for about ten years, and I was helping manage my parents' cattle ranch in central Oregon. I had quite a bit on my plate, so two years before the election I just announced that I wasn't going to be a candidate, and you all come. So they elected another supervisor. I went off the board in January at the same time Ronald Reagan was sworn in as governor.

Appointment to the Reagan Administration

Stearns: I had not worked in Reagan's campaign. I had worked in Spence Williams's campaign, who was a friend and the only Republican loser in the Republican slate that year [laughs]. Spence is a federal judge down here now. And I was, as part of my cropdusting job, flying coyote control on antelope ranges and sheep ranges of north-eastern California.

Stearns: I was flying a Piper Supercub with a Fish and Wildlife gunner in the back seat, and we were killing coyotes on the sheep ranges, on the snow in the wintertime. It's a particularly hazardous, spectacular type of flying, but it's the most effective predator control method because you're able to go out and locate the animal who's doing the damage and kill him, and not bother those that are not part of the problem.

Lage: Rather than poison.

Stearns: Yes, and it's been a continuing program for a long time, and I was just a hired pilot sitting up there driving the airplane. And I got a call in Susanville from the governor's office, and they said would I consider working for the Reagan administration, and I said, "Well, I'll sure come down and talk about it." I went down the next day, and they had two teams of head hunters out, one in southern California and one in northern California. They sort of were feeding into the central office their recommendation on who should fill various jobs. Win Adams in the Resources Agency and Tom Reed interviewed me, and they asked if I'd take the Department of Conservation.

Well, I went in to meet the governor for the first time, and I said, "You know, governor, I think it's only fair to tell you that I've got a bunch of friends that can lie faster than a dog can trot, and that you ought to divide everything they've told you by at least four, and then maybe think it over." He kind of laughed, and then he said, "Well, you don't know me either. I'll take a chance on you, if you'll take a chance on me." He had the confidence in his system.

World View from Modoc County

Stearns: I'll say one thing further, that in that sixteen years I was a county supervisor, I hadn't been there very long until I found out the things that were really affecting us were not decisions being made in Alturas at all; they were being made in Sacramento and in Washington. There were four or five federal agencies involved in that territory up there, and we lived or died by bureaucratic decisions that were being made far from home and by the Congress, which, largely, was operating out of ignorance. Then no different than it is now, you know.

Lage: Would these be decisions that affected your economic well-being?

Stearns: Yes. The availability of land, the marketability of our crops, permission to raise wheat--we were not even allowed to raise it at one time, had to get special bills passed through Congress to get permission to raise durum wheat, the macaroni wheat. On the public lands matters of those counties up there, the massive federal ownership always was a problem because there were no payments in lieu of taxes. The only revenue was a share of receipts from grazing fees and timber sales, which were very minimal when it was considered that we had to transport children long distances to school, over roads that were only seasonably passable.

So I became very active in the County Supervisors Association and in the National Association of Counties. And among the other positions I held over those years, I was president of the Northern Counties Association, president of the County Supervisors Association, and president of the Western Region of NACO [National Association of Counties] and a member of their board, and for almost twelve years, chairman of their Federal Real Property Committee. So it was through those activities and the speeches that I was making in various public forums--to the cattlemen and to the timbermen, and largely to sympathetic audiences--pouring the hot lard principally on the Forest Service and the Congress that I came to the notice of these people on the governor's head-hunting crew. So this was a much lengthier answer than you asked for.

Lage: No, that's exactly what I wanted.

Stearns: It's about how I ended up where I was.

Lage: And what kind of experiences you had that may have shaped some of your views.

Stearns: That's right. Well, those did because I had definitely been in the front row of the battle for payments in lieu of taxes. One interesting sidelight on that is 1959, I was chairman of that committee. We had a big rally. We had gotten Jack Kennedy to put in a bill (I still remember the number--it was S410) that provided for payments in lieu of taxes.

Lage: Was this with Forest Service land? Is that what we're talking about?

Stearns: All the public land--BLM, the Forest Service, parkland, everything in what we call the public land states, the ones where the federal government at the time the states were chartered withheld the

Stearns: ownership of all the undeeded land. And this is what, in effect, they call eleven western public land states. In the case of Nevada, it's more than 90 percent federally owned, and 10 percent is the tax base. Most people are not aware of this, but a higher percentage of California is federally owned than is privately owned.

Lage: And your corner of the state is probably even more so.

Stearns: And our corner of the state ran about the Nevada percentage, about 20-80.

Lage: That helps explain your concern.

Stearns: You know, you put the salve on the place that hurts, and I found that I could go down and argue with my compatriots on that board of supervisors over dividing up nickles and dimes on county roads, and deputy sheriffs and so forth, and this was not going to lead us anywhere near out of our problem. In any case, during the time I spent on that board, Modoc County didn't have then and doesn't have now any bonded indebtedness. There are not too many political subdivisions of the state that find themselves in that situation. They have always operated that way, and did before I was there and have since I left, so I claim no responsibility for it other than to simply maintain what the people seemed to want--they would accept a very minimal level of service in return for not being taxed into the poor house. I think there hasn't been a year for the last thirty-five years I know of that the Modoc County jail in the basement of the courthouse hasn't been inspected and condemned by the state prison system, but the people won't float a bond to build a new jail, so--[laughter]*

Lage: Well, in return for that, do you find any more community efforts? Volunteer organization type things, or are they just individualistic?

Stearns: No, it's always been the case in the rural parts of, I suppose, the whole United States--my experience has been in the West--but the thinner the people are the greater the dependence they make on their own resources and their neighbors, acting together. Running to the government is the last resort rather than the first one. It's just kind of the nature of the country. I suppose accessibility is part of it; you know, they can get into the pickup and run down to the neighbor, and the two of them can solve the problem easier than they can run to the county seat.

Lage: But they did do things for themselves as a group?

*They do have a new jail now.--JGS, July 1985.

Stearns: They certainly did. In this bunch of homesteaders, there were-- they had three years of homesteading and then, ultimately, gave away I believe it was about 220--so there were 220 new families that moved in there. We had what we called a homestead club, which was just a get-together once a month on a potluck basis to talk our problems over for about thirty minutes and then play pinochle all night. And this was the group that I had headed up, and I suppose it was why they--I turned out to be pretty windy and pretty lippy and had opinions on practically everything. [laughs] Unfortunately, that's where most of your politicians come from!

Family Origins

Lage: Let's just step back a little bit--you came from a ranching family too, I understand. Was that in Oregon?

Stearns: Yes, I'll step back a little from that. That family originated with a member of the crew of the Arabella, Governor Winthrop's colony. And his will--I have a copy--shows that he owned five hundred and some acres that are now the approximate metes and bounds of the city of Watertown, Massachusetts, which is a part of Boston. They were farmers and artisans--carpenters and blacksmiths and so forth. When Harvard College began, the boys began going to school, and they turned into about four or five generations of Baptist preachers. They were missionary Baptist preachers. My great-great grandfather left Monkton, Vermont, in 1834 with his grown sons, who were preachers also, and daughters, and their families, and came to Fort Dearborn, Michigan, to preach to the Winnebago Indians.

In 1853, headquarters decided that they should come to Oregon and work on these Indians--I don't know why they gave up on the Winnebagos--but they came in a family wagon train across the plains in 1853. They got divided by sickness, and part came over the old Oregon trail from Fort Hall down the Columbia River and settled in Springfield, Oregon; the other branch branched off at Fort Hall and came across the Applegate trail, across northern California and southern Oregon, and ended up down by Medford. And so from that point on they were still missionary preachers but then began a couple of generations of transition back to cattlemen. And my grandfather settled in central Oregon just about a hundred years ago, and that's where he raised his family of six boys and two girls, and that's where I grew up, on the Deschutes River south of Bend.

Stearns: So you are correct when you say that our background and the things that we've experienced and things we've been taught around the breakfast table at home do shape our opinions, and we never get away from it.

II DIRECTOR OF THE DEPARTMENT OF CONSERVATION, 1967-1972

Reorienting the Divisions, Cutting the Budget

Lage: Let's move on then. You've told how you became director of the department. As I've said we're going to concentrate on Agriculture and Services, but I think it's important to cover at least in brief the Conservation Department. Is there any way of describing that job in a nutshell?

Stearns: Yes, I think, yes. It consisted of four major divisions: the Division of Forestry at that time; the Division of Oil and Gas, which was strictly regulatory; the Division of Mines and Geology, which needed its orientation changed from a gold-rush philosophy to an urban geology point of view, and Soil Conservation Service, which fit between the county level and the federal level and was really unnecessary. So the job, really, was to transform and turn around four very long-time well-established bureaucracies, with their roots put down very deep where any kind of disturbance caused great cries of anguish no different than you're hearing in Washington now from farmers or any other people that are on the president's lists.

It was exactly the same thing, and we got off to a fine start. At that time there was a million dollars a day more going out of the budget than was coming in--you've been told this by some of your other people--and the first thing to do was to stop that hemorrhage. The governor laid on a 10 percent cut, so the first thing that I had to do was to submit a budget to the legislature that represented a 10 percent across-the-board cut, and a couple of these services--the fire, and the geology in an earthquake area--these represented life-threatening services. They are most sensitive to any kind of cuts. Every time somebody talks about a budget that isn't going to stretch, the first thing they talk about is cutting police and fire.

Stearns: You know, they threaten people that way and frighten them; actually, it's one of the last things that responsible government cuts, but it's always the first on everybody's mind.

These people there were dug in. They had their fire camps with far too few Indians and way too many chiefs. I went to a big fire or two, and I said, "You know, if we could get everybody in this fire camp out there with a shovel in their hand, we'd put this thing out." In a nutshell, that was the problem, to reassign and reorient the missions of those organizations to go for younger, healthy, vigorous people, and a lot of things had to be done, and--

Lage: Get rid of desk jobs and supervisors?

Stearns: No, I did it out in the field pretty much. I was on the fire camps and out on the oil platforms and down in the mines, and I found out that I would get one version, say, sitting around a table like this, looking at a flip chart show or a slide presentation, or something. Or I could go and ask about three questions of the fellow that was wiping the sweat off his forehead down there and find out really what the problem was.

Lage: So you oriented yourself in the field?

Stearns: Well, I knew a little about that. In the course of the years when I was making my slow attempt to go to college before World War II, I worked in the summertime with the Forest Service as a lookout and fireman and smoke chaser. I had spent quite a bit of time on forest fires so I was a little bit hard to lie to, you know, when it came to the tools they needed and so forth. The history, I'm sure, is full of the governor's businessman's task force, and that task force made thirty-five recommendations to the Department of Conservation, of which I implemented thirty-four, and the other required a legislative change that I disagreed with and the governor's office disagreed with, which transformed the Division of Forestry into the Department of Forestry. And that was done by the legislature just as soon as Jerry Brown was elected governor. It has departmental status now. The Soil Conservation Service pretty much disappeared because there was not a state function there. The money was in Washington, and the boards of directors were in the communities, and it kind of died on the vine by itself.

The Division of Mines and Geology is about the same size, but instead of mapping the Mariposa shale up in the gold country, they are down here mapping landslides right around this area. As a matter of fact, one of the very first ones we did was for the City of Berkeley, identifying those unstable hillsides where houses should

Stearns: not be built. It's been an ongoing program and a very valuable one; they monitor the major earthquake faults, and while they are light years away from every being able to predict earthquakes, the sum of the knowledge at least is in the public safety area.

Lage: So this was a change you made?

Stearns: Yes. Of course, a lot of the people we had then didn't want that change. They liked to go out all summer mapping in the mountains, and I certainly don't blame them. They weren't too much impressed with being sent down to San Clemente to find out why the hillsides were sliding down to the cemetery [laughter]. But reorienting the Division of Mines and Geology provided a justifiable public product, and the Reagan appointees to the Board of Mines and Geology, then and now, even though they are largely representative of the academic community and the mining industry, have supported that change very faithfully. They feel that there's no such thing as too many tools for a planning commission. In the way of floodplain management, and unstable hillsides, and lifesaving steps to take in advance of an earthquake, in terms of dam safety and these kinds of things, it's just impossible for them to have too much of that kind of information. And so the Department of Conservation now consists of the Division of Oil and Gas, which is the regulatory agency and was left largely untouched by all of this, other than being given the responsibility of cleaning up an awful lot of oil sumps, particularly in the southern San Joaquin Valley, that were death traps for migratory birds. And we laid that on them to do. That's about all the Department of Conservation is now, Mines and Geology and that. The Department of Forestry, which is a lion's share in terms of dollars and people and resources and everything, is a separate department now.

Lage: It was 95 percent of your budget, I believe.

Stearns: Yes.

Lage: Why did you object to it becoming a separate department?

Stearns: Well, the Department of Conservation at one time was the Department of Natural Resources. And it doesn't seem like you ever, when you subdivide political entities you never end up with less. At one time what is now the Resources Agency was the Department of Natural Resources, and they split off Fish and Game, ostensibly because it operated on a special fund basis. It became a separate department. And then they split off the Department of Water Resources when it came time to build the central California water project. And they split off the Department of Parks and Recreation, and it became a separate department. And Harbors and Watercraft, it was split

Stearns: off--it was a separate department. So then we went right back to where they were in the very first place with what they called the Resources Agency, which is another layer of administration on top of everything that was there before. It's a snake swallowing its tail, you know. There is nothing in the world as close to perpetual motion and eternal life as a government entity once established. My objection was a philosophical one: everything was working just fine, and I am a firm believer in "if it's not broken, don't fix it." So my objection wasn't that it wouldn't make a fine department; of course, my successor lost it immediately when Jerry Brown was elected governor. [laughter]

Department Personnel and the Reagan Philosophy

Lage: I was going to ask you what your biggest headache was as head of that department? Was it anything we've already covered, or would this bring up a new topic?

Stearns: Yes, it was the acceptance by the personnel of the Reagan philosophy. This was a very dramatic change, as it's been a dramatic change every place that he's gone. The people that Ronald Reagan appoints to office have some very common characteristics. What applied then, and what applied back East, so far as the impact of the new leadership and the new appointees on their departments, was almost identically the same. It was a negative reaction, almost wholly all the way.

Lage: Give me your view of what these common characteristics were?

Stearns: Well, when Reagan appoints somebody the first thing he's supposed to do is to look at the organization he inherited and say, "Is this a necessary public function? If this is a necessary public function, are the people who are paying for it the same ones who are getting the benefit? If they are the ones that are getting the benefit, are they getting it at a fair price? Is there anything that we should be doing that we aren't doing?" Or if we're doing something here that somebody else could be doing better, this kind of recommendation is supposed to go in. My own experience in Washington is that I accepted an assistant secretary spot over in the Department of Energy in the Office of Alcohol Fuels, and I eliminated that office and that job in a year.

The job I presently have even though it's only quasi-government, I determined that the law was mature, the staff was mature, the function it was performing was necessary. There was no indication

Stearns: there was any need or desire to expand it in any way; I instituted a reorganization of the executive side of it and split off the chief operating officer from the chairman of the board. I'm now going to live in the West. The charge was made against me that I was nothing but a political hack, and the job had got to the place where the salary was high enough, attractive enough, that I'd just determined that I was going to be the last political hack in it, so I cut the salary more than in two, and nobody could take it now and live on it. It's going to have to be somebody who's gainfully employed in a law office or in academia--he has to be outside the securities industry. That's what Ronald Reagan expects of all of his appointees.

Lage: Tell me what that job is?

Stearns: It's the chairman of the board of the Securities Investor Protection Corporation, which is the insurance organization for customers of broker-dealers. It's the same as the FDIC and the FSLIC for depository institutions. If you have your money with a broker and he fails, our organization replaces your stock and gives you your money back, up to a limit of \$500,000 in stock and \$100,000 in cash. It is not a government agency; it's authorized by Congress and the president does appoint five of the seven directors and designates the chairman, but there is no public money in it. It's funded by an assessment on the securities industry. So that is a long answer to a short question.

Lage: Then, that was the basic point of view of Reagan's appointees? Was this directed to you, or is this something...

Stearns: No, this was communicated. All you had to do was read the speech in the closing days of the Goldwater campaign, and everything that you needed to know about government's role and the relationship to the people was right in there.

Lage: In Reagan's speech?

Stearns: Yes. The title of the speech was "A Time for Choosing." Goldwater had obviously disastrously lost the election to Lyndon Johnson, and everybody knew it. Reagan at that time was speaking for General Electric--he was making the rounds of their factories and things and talking to them, and the media has had a lot of fun saying he'd only ever made one speech in his whole life, and that was it, and it was then and it is now, and he laughs and says well maybe that's so. But everything you needed to know was in there.

Stearns: The very basic thing about Ronald Reagan that's different from most politicians is that he genuinely trusts the intelligence of the collective American people if they are well enough informed. Now every politician in the world will tell you that he does, but Reagan really does. And he has attracted people like the people he had on his cabinet in Sacramento, who continue to work for him, like Verne Orr and Ed Meese, and Jim Jenkins, until just the other day.

That and the loyalty that he seems to be able to hold over a lifetime--I know of almost no one who has ever worked for him or had anything to do with him--that doesn't deeply respect and admire the man. And again, this is most rare in any kind of a public figure. We've had disagreements among ourselves, sometimes almost to the arm-waving, fist-shaking point, and many have left and have elected never to work with that bunch of so-and-sos again. Almost universally they still love and respect Ronald Reagan as an individual.

The basis of it is that he reciprocates that trust by turning you loose to do your job and backing you when the going gets rough. There's not another president in the world who wouldn't have tied a rock around Dave Stockman's neck the other day and sunk him down beyond the three mile limit. He is loyal--these are the unique points that historians are going to find when they are trying to say, "How did this guy do it? What made him so much different?" I think that history is going to treat him very kindly because he seems to have a real knack for doing just the simple practical thing that occurs to most everybody out here. You know, they say, "Why didn't somebody think of that a long time ago?" Well, he just opens his mouth and says it, and he does it.

There was a great example just a couple of days ago, when he just out of a clear blue sky invited the new secretary of the Communist Party over for a meeting, and he took everybody completely by surprise. But the timing was right as far as he was concerned, and I know now what he is going to say to him. He said, "Look, let's not try to bluff each other, let's not play any fun and games." And he knows that Gorbachev has got his work cut out for him as far as his own people are concerned, that he's got major internal problems to solve, and Reagan in effect is saying to him, "You know, I'll keep my side of the fence up if you will yours." No point in saying it to his predecessors because they were not people that were able to speak for their own. Apparently he's been told that this guy can, and he invited him immediately. So, here is the media who have been giving him all this smart advice all this time and are so positive that he's never going to take it, and you know, they're all choking on their chewing tobacco. [laughter]

Lage: Okay, we have to try to stay out of Washington a little bit. That's a fascinating link, but we're supposed to stick with the California administration.

Cleaning Up the Santa Barbara Oil Spill

Lage: You, in one newspaper article I ran across, mentioned the Santa Barbara oil spill as something you had to deal with.

Stearns: Yes, the reason that I did was because I had the expertise in my department who could evaluate what had happened and give us the best idea of how it could be managed and controlled. We also had the manpower and the means to clean it up that nobody else had. I had just appointed a new state geologist, Wesley Bruer, a quite remarkable person incidentally, and if you ever reach down into interviewing real experts in the field Wes is the one who transformed the Department of Mines and Geology and also overhauled the Division of Oil and Gas. Wes was an oil field geologist, and he went down to Santa Barbara immediately. And I went down. The spill happened on federal jurisdiction, and prior to that time when I first got to Sacramento, it was called to my attention almost immediately that they had let those leases, and they were going to begin to drill and our state oil and gas people felt that the federal regulations that they were drilling under were altogether inadequate for California.

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Stearns: There was a bill in the Senate at that time from Louisiana to give the adjacent state the right to regulate the drilling off their shores. We supported that, and we had a pretty good file on that. That bill failed, and I wrote to--well, I didn't, I had the letter prepared and the governor sent it, it would be in the Hoover library--to Rogers Morton, who was then Secretary of the Interior and asked for a contract between the state Division of Oil and Gas and the Department of Interior so that our Division of Oil and Gas could regulate that drilling off our own shore. That was denied, and it didn't take very long to deny it.

The reason for our concern was that California is fractured underneath the ground like a windshield that's hit by a rock. It's fractured endways, sideways, crossways, and every possible way, and when you're drilling in California, particularly along the shore out there, our people insist on three sections of casing being cemented in in stages before they hit the pressure zone to protect against kickbacks, kicks coming around those casings. The persons from

Stearns: Interior who were in charge of that down there said that they knew all they needed to know; they'd been drilling in the gulf for years and years. The gulf is a great sandbag, there's nothing like that--they go 10,000 feet in all consolidated sand.

Well, what happened in Santa Barbara was that they just didn't have enough pipe in the hole and when it kicked it blew out around the shoe of the conductor casing, and the underwater people said that the stuff was coming up along a sort of a sea cliff for 1,000-1,200 feet long and 200-400 feet wide, just like a rim rock. And just coming up through all these little cracks every place.

I went down and looked at it from a helicopter and Red Adair's crew was out there. They had a hard time because there was a lot of gas with it, and there was not enough wind to keep the gas disbursed. They couldn't even stand on the platform. But that boil on the surface of the ocean off a couple of hundred yards from that platform, where most of it was, looked like a giant mushroom maybe fifty or sixty feet across and just as brown as this table and humped up on the surface of the ocean, well maybe, eight feet high--awfullest thing I ever saw.

Lage: Did some changes come then in the Department of Interior procedures?

Stearns: They made some major changes in their drilling regulations that took this into account, and they at least took the advice of our people. But an absolute embargo came down--the last thing they wanted was any advice, or smart advice, from us at all because we were, in effect, standing there on an "I told you so" basis. They just didn't want any part of that.

But the Union Oil Company wanted some help cleaning it up and the Division of Forestry went down. We rented the entire Franciscan Hotel in Santa Barbara--it was off season for them--and turned it into a conservation camp, which is a minimum security prison, and moved several hundred state minimum security inmates that we used to fight fires and so forth into the Franciscan. It actually became a state prison for a period of six weeks or so, and they cleaned up about twenty miles of our beach--washed every piling, washed every rock.

There was a very minimal loss of bird life in the after effect. Union Oil left a grant with this university to monitor the sea life following the oil spill, and the final report I saw said that there was no damage, as there should not have been because the area's full of seeps. One of the little things is when you fly over the Santa Barbara Channel at hightide there are sixteen visible seeps

Stearns: towards sundown and if it's at lowtide there are twenty-one. Some seep depending on the weight that's on them, but the seeps have always been there. So our people cleaned up the accumulation of many centuries of natural seeps that had been coming ashore. We gave the bill to Union Oil Company, and they paid it right to the penny.

Lage: So that didn't cost the state anything?

Stearns: Didn't cost the state anything. And they didn't question a bit of it. Well, of course, the rate we were billing the inmates was, I think, it was at the minimum wage.

Lage: They got some pretty low-cost labor.

Stearns: For the work that they got done. Here in San Francisco Bay they had a spill and tanker collision, and they just called in volunteers and swept the streets--that was a terrible mess because they spent more time throwing dead, oily seagulls at each other than they did actually cleaning up the beach. If anybody could find a live one and a TV camera, why that's where he spent the rest of his day, you know. It was just a circus, but there wasn't any of that with these inmates--they were out there really cleaning the place up. And they did. That place was shining.

Anyway, Ronald Reagan did not get any oil on his shores, so to speak on that. Without any publicity or anything, both the companies that were doing the drilling and the Department of Interior dramatically changed their way of drilling off the Pacific Coast. I suppose it always takes something like this, but that was that.

Observations on the Resources Agency

Lage: So it had quite an effect. Let's talk a little about how the Resources Agency was run, from your point of view.

Stearns: Ike Livermore was the secretary; Ford B. Ford was his first deputy. Terry Egan, who is now the deputy secretary in Resources, was an assistant secretary at that time. So was Alan Hill, who went from there to become my deputy later on in Conservation and in Ag and Services. Now he is the chairman of the Council of Environmental Quality. It was a very small group. The agency form of government that they developed there that consisted of dividing the full state government into four segments was for purposes of communication and

Stearns: accountability on the budget and so forth. I think that probably was one of the best that's ever been done. When the governor sat down and things were presented to him, there would be the four of us and the director of finance and his own executive secretary, who was Ed Meese. He only had six people, plus his other senior staff at cabinet meetings.

So the separate department directors had to depend to a large degree on their secretary. They had to sell it to him first, and convince him that this was worth the governor's time, and in many instances--I didn't realize how many until I became a secretary myself--it never had to go to the governor's office. The secretary just made a couple of calls and said, "Here's what this department has as a problem; I propose that we do such and so." Usually the call was to Meese, and he'd say, "Sure, that sounds right." So it would never show up on a cabinet agenda.

Ronald Reagan placed an extraordinary amount of confidence in the persons he selected as his cabinet secretaries. The level of the department directors that were my peers there were the highest level of professional, ethical people that I have ever had anything to do with in public life. Bill Mott, an excellent example--he has no peers in park management; Ray Arnett in Fish and Game--he just retired as assistant secretary of Interior back there--he really has no peers either; Bill Gianelli certainly has no peers as a water engineer and a citizen of California. These were the people who came forward and worked for Ronald Reagan who had turned Pat Brown down. There were no rotten apples at the bottom of the barrel.

These secretaries in a sense had a degree of responsibility. The things that these people were recommending to them were very well thought out and highly developed. The secretary could save an awful lot of time for the governor by making these presentations as short as possible, and if it was Bill's problem, why, Ike would take Bill over to the cabinet meeting with him. And if it was my problem that the governor had to hear about--like that oil spill, and like our major fires and like the San Fernando earthquake--we'd be there. There were four of us, as a matter of fact, the head of the Highway Patrol and the commander of the National Guard and head of the Disaster Office and myself, that Governor Reagan called the four horsemen of the apocalypse. He said, "Everytime you guys show up we've got a big problem." [laughter] Standing there in a row like a bunch of solemn owls, and he said that the first part of the disaster was having to look at us.

Lage: Were there any end runs around the agency secretary?

Stearns: There were always those made, but the system held remarkably intact. It really did. Secretaries were expected to discipline those people who did, and those who saw fit to run the end, you know, returned to their former life, usually. There was one instance, and I'm not going to name names here, where one fellow insisted, absolutely insisted, that the governor fire him. And so the governor did. He's the only person I ever knew of that he fired in his life. But that served as a warning to everybody else who, if they wouldn't take it gently and politely and from their cabinet secretary or from Ed Meese, why, they were not going to do any good by running the end. Ronald Reagan hates those kinds of confrontations, and if your selection of people is good enough in the first place, and their degree of loyalty is such that there is a minimum of personal ambition (and I know that this is impossible to take out because people are people--people's egos are people's egos, but...).

Personal ambition for their own self-gratification was probably rare in this administration. You saw less of the drilling your brother's back full of arrows and climbing to the stars on that ladder than you usually saw. It made discipline in the agency almost automatic. It's like a well-run family, you don't have to have a club to be beating the kids all the time, you know, if they among themselves maintain order.

Disagreements within Resources--Alaskan Pipeline, Dos Rios Dam

Lage: Did you have cases in that agency where there were disagreements between directors?

Stearns: Oh yes, between directors and between the directors and Ike. We had one between Ike and me on the Alaska pipeline. I thought that it was important and necessary that it be built, and Ike, who was listening to some of the environmentalists in the Sierra Club, didn't want it built under any circumstances. We had a major confrontation on that.

Lage: What was the state's role there?

Stearns: The role was the availability of an adequate supply of petroleum to keep our industries going on the West coast, whether or not we were going to be able to tap Alaska's oil. This was before the Arab oil embargo, but it was right on the horizon for everybody to see.

Lage: What did the state have to say about it?

Stearns: The Alaska Commission that was holding hearings was trying to get the opinions of everybody that was going to be affected one way or another, including the potential export-markets like Japan. They came to San Francisco and had a hearing, and they wanted to hear from the state of California. So when Ike and I disagreed, the governor agreed with me, and he said, "Ike, there's no point in sending you over there; you don't even agree with me." [laughs] So he sent me over. And I was the only one that spoke for the pipeline. Ronald Reagan was the only governor that spoke up for the pipeline. All the rest of them just took a walk.

Lage: And how did Ike feel about that?

Stearns: Well, Ike's a good soldier, you know, and all of us took things before the governor. In fact, I remember one--it was a budget item for the state support of the arts, and we unanimously recommended to the governor that he deep-six that.

Lage: Even though that had nothing to do with your agency.

Stearns: No, no. But what it did have to do with was that he makes his own mind up. He looked us all right in the eye and he said, "Well, fellows, you're not only wrong, you're all wrong." [laughter]

We would have a lot of these out in the Resources Agency among ourselves, and I did when I got over to Ag and Services too. We had regular staff meetings of the heads of the departments, and when there were conflicts that couldn't be talked out between the separate directors--when they were really in conflict--and Water Resources and Fish and Wildlife were almost in constant conflict on who was going to pay for what, and who was going to get free what and so forth. These kinds of things that couldn't be settled between the two directors right there with Ike, then the two submitted their separate points of view to the governor through the cabinet. And both were allowed to speak their piece and so forth.

There was a difference of opinion on the Round Valley [Dos Rios] dam on the Eel River: Bill Gianelli and I wanted to build it. We were along with the governor when he went up and met with those people and looked the thing over, physically and so forth, and we were in disagreement then and we are now. I had had to respond with a lot of my emergency people when that Eel River was in flood. I'd been up there, and I'd seen the beach littered for fifty miles with dead Holstein cows, and I knew what that river can do. It just hasn't, not since about 1965, but boy, when it floods it can

Stearns: give you a dandy. Well, I wanted Round Valley built. I wanted the Peripheral Canal built, as a water management tool. I wanted the Kesterson Drain built, where they now have all the mud hens with crooked faces down here. In fact, there's a congressional hearing on it tomorrow at Kesterson.

Ike had, and does have, a tendency to come down on the side of the environmentalists and would defend their point of view even in some instances where their position was pretty irresponsible. He still would, and Gianelli and I were not known for keeping our mouths shut and, God knows, Arnett and Mott weren't, and Jack Bennett wasn't either. [laughter] And they were fun times. We respected each other's position. When the governor made a decision, then there was no more end running.

III MAJOR ISSUES IN THE AGRICULTURE AND SERVICES AGENCY, 1972-1974

Appointment as Secretary: Fulfilling a Promise to the
Agricultural Industry

Lage: Those are good examples there. Now let's get into the Agriculture and Services Agency. It was September 15, 1972, when you stepped into that position. How did that happen?

Stearns: It began with a promise that the governor made when he was running in 1965, to the agricultural industry. He said that California agriculture was, in his opinion, a foundation industry of the state, and as long as he was governor, it would be represented at the highest levels of his cabinet. He appointed Earl Coke first director of Agriculture, the way things stood there, and then re-organized within the first year into the agency system that we're going to be talking about. You probably have interviewed Earl, haven't you?

Lage: The oral history office at UC Davis interviewed him--a full-length biographical interview which also covers his work in the Reagan administration.*

Stearns: He is another of these people. At the time Reagan appointed him in the first place he had no peers in the respect of our agriculture industry. He served as a vice president of Bank of America, and assistant secretary of Agriculture, as director of the extension service where I knew him first, and with Spreckels Sugar--he was in the private sector. So Earl had no peers. The title of Agriculture and Services came from that pledge: that agriculture

*J. Earl Coke, Reminiscences on People and Change in California Agriculture, 1900-1975, an interview conducted by Ann Foley Scheuring for the Oral History Center, University of California, Davis, 1976.

Stearns: would remain in a prominent position, and an accepted spokesman of agriculture would be always on the cabinet. It was the Department of Agriculture and about twelve or thirteen other departments, was what it was.

Lage: That were joined in the agency?

Stearns: That's right, but he gave it that promise, because after the agency was organized at all times there was a director that operated on a day-to-day basis the same as all the other directors did. I was the only person with a agricultural background that was presently employed in the administration. I think Larry Robinson as director of general services had operated a seed and feed supply and this sort of thing, but I was the only farmer with dirt on my fingernails.

Lage: Had you done farming or cattle ranching?

Stearns: Well, cattle ranching all the years I was young, but this was straight farming and still is at Tule Lake. My son farms it now; I still have the land. It's field crops, potatoes and grain and alfalfa and onions and those kinds of crops. And so there was quite a difference of opinion on who should, you know, go over there [to Ag and Services].

Lage: Difference of opinion among whom?

Stearns: Well, a lot of people wanted the job, and they were applying to the governor's office for the job. And I wasn't one of the ones who was actively seeking it, but I had some of my friends that were--very much a replay of the first time around. I was in the midst of selecting a new airplane for an airtanker for California. The old ones, the old TBMs, were making black spots all over California, and we'd just about run out of them. Canada had developed an airtanker from our Navy S2 antisubmarine airplane, and they built a prototype up in Sudbury, Ontario. I'd gone up to fly it, to see if it was as good as they claimed it was, before we went to the Navy for a whole bunch of them for ourselves. And that's where I was when the decision was made. I got a call from Ed Meese, and he said, "Get back here just as quick as you can, and don't plan to do anything else for the next two months."

Earl's health had been failing, and his eyesight was getting bad. He was making more and more dependence on his staff all the time. And pretty frequent absences to be over here at the doctor. I think since he retired, why, his health is improved dramatically, and he's as healthy as a billy goat now. But at that time, that was the case, and there was a feeling, at least on Ed Meese's part,

Stearns: that some of Earl's staff people had gotten a little bit too pushy and taken considerably more on themselves than they should and that they were ready for Earl's old-time equivalent to be sitting back there at the table, because he not only had an opinion on just about everything, it was an informed and educated opinion too; it carried some weight, carried a lot of weight, with the governor. So I was not unknown to any of them, but I hadn't been in there on a daily basis like I was after I went on the cabinet.

Lage: You're talking about the directors of the departments?

Stearns: Yes. Well, I'm talking about the cabinet members. I knew them all but until I actually got over on the cabinet, at the cabinet table myself, why I had not been meeting with any of them on a kind of a regular basis. It was just as a necessity we had other things between various departments across agency lines that we worked on all the time, and we had friendships too, you know, that crossed agency lines. I had to go from one of the directors who in effect was standing back throwing rocks at the snowman; all of a sudden I was the snowman. [laughter]

Lage: That was a big jump. So did Earl Coke break you in, or was he there for a transition?

Stearns: He wasn't. He was hospitalized at that time.

Lage: I see.

Stearns: No, he didn't. I was not Earl's choice. He was a little bit upset because the governor didn't just automatically pick who he wanted.

Lage: Had he chosen someone from outside the administration?

Stearns: No. He'd chosen someone from inside, and I think that you can count on him to put that firmly on the record, so I'll leave it to Earl to do it. It was a reasonable and logical enough choice, but the people that were trying to put me over did it.

Lage: Who knows how these things happen? Or do you know how they happen?

Stearns: Well, I didn't really. It is true that in the last week that all this was coming down I was in Sudbury, which is about as far away as you can get in this country.

Lage: Might have been a good place to be.

Stearns: It certainly was. That airplane really did fly nice. [laughter]
And we now have a full fleet of S2s as our medium airtanker in California.

Lage: Is that for firefighting purposes?

Stearns: Yes. Initial attack. That was a change we made in the Division of Forestry: instead of waiting until the fire was a couple of days old and calling for the airplanes, we made an initial attack weapon out of them, and when the fire whistle blows the airplane has wheels up within three minutes. The first thing that gets to the fire is a load of fire retardant. Works fine.

Lage: Did your experience as a pilot yourself have something to do--?

Stearns: Yes. I flew around fires years ago, you know. Pretty puny compared to what they are doing now with DC6s and DC7s and B17s and these S2s. It's become a highly professionalized science, and the only reason that California doesn't burn up every year, as a matter of fact, was because these airplanes get to it so fast, both on national forest and state-protected lands. They work together with the same airplanes.

Lage: What were your immediate concerns as you took over as head of the Agriculture and Services Agency?

Stearns: Well, frankly, it was to get back to the level of fingers-on-everything that Earl had before his illness slowed him down. There was nothing that he was doing there that I was instructed, or felt obligated, to make major changes in. I did change the office space. Earl had a small office space with a bank setting, with everybody that worked for him all sitting in open area--

Lage: A bank setting?

Stearns: Well, like a bank, where the branch manager is sitting right out there at a desk. He was not in a private room, and he was borrowing a conference room from the Department of Agriculture for his other things. Frankly, in that atmosphere, and because Earl was not there all the time, why his staff was able to genuinely take advantage of things. I decided that I dealt with people who were not comfortable unless they could kick their boots off and use some fairly strong language. And at that time also the employee relations thing, which you wanted to talk about, was beginning to come to a head, and it appeared that we were going to have a major confrontation with the state employees on it, and that did develop. The OSHA [Occupational Safety and Health Act] bill had just passed Congress, and the state

Stearns: had to decide whether it was going to pass a complementing piece of legislation and operate OSHA itself or to just lay back and let the feds do it.

Those two were major additions to the office at the time that I found it. Both called for specialized, or in my opinion specialized, staff people that were not available to us in any of the departments, and that meant more space. So I overhauled some space up on the fourth floor and moved the agency offices up there and expanded the staff by more than double. And of course, this was a matter of considerable comment and not a little controversy and yowls of pain from the Department of Finance and so forth, but...

Lage: Did this hurt your good budget-cutting--

Stearns: No, it didn't because I intended to take those expert people that I brought in there and save the state of California hundreds of millions, where they were going to cost maybe tens of thousands for a very short period of time. They were to come in and do the job and the way things came out, as a matter of fact, you don't hear a lot of controversy about OSHA in California any more, and at one time it was just gasoline all over the place.

The Occupational Safety and Health Program: Preventing Labor's Hidden Agenda

Stearns: The key to solving the OSHA controversy was first getting the best bill out of the legislature that we could, which we did; and the second was the personnel and membership of the OSHA appeals board. Like any court, they are the ones who actually write the law on the basis of their action on appeals. This becomes judicial law that carries more weight than the letter of the untried law. I was able to help select those three people for term appointments, and at the end of their terms they had established a circumstance where appeals were legitimate ones, the workplace was safer, industry was able to operate, even the unions who had some plans to use it as an organizing tool decided that there were greener pastures other places.

Lage: What kind of people did you select?

Stearns: I selected Ford B. Ford, who was a deputy secretary in Resources. I selected from the labor section Jerry [Gerald] Shearin, who had been a member with me on the Air Resources Board and was a retired

Stearns: northern California business manager for the Teamsters. He now lives in Yuba City. He had been appointed to the old Air Resources Board, the fifteen-man one. I got acquainted with him there, a fine, fine man. For the other person from the governmental sector, I picked Monroe Browne, who is now the ambassador to New Zealand. When Monroe went off the board, he went over and headed an organization you're probably familiar with--the Institute for Contemporary Studies that publishes conservative pamphlets and things in San Francisco. He headed that for a couple of years, then worked in the '80 campaign and is now ambassador to New Zealand. Future historians should credit those three men with preventing almost an industrial revolution, with industry moving out of California. If some of the plans that were being made and some of the suits that were filed had gone on a blindly partisan basis as the Farm Labor Board did a few years later on behalf of Cesar Chavez--had they done that California would not be the healthy and prosperous place it is now.

Lage: Let's back up just a minute, because we brought up OSHA, but we didn't lead into it with some background.

Stearns: That should pretty well cover OSHA.

Lage: The problem I was thinking of had to do with the relationship between the federal program and the state program. I guess you came in when the state program was already pretty well passed.

Stearns: No, the state program was in the legislature. We had tried to affect the federal legislation as much as we could, and we didn't have very much effect on it. About the only thing we got was a state option, which said that the state, if they wanted to be more stringent or within these boundaries, could elect to take the people that they had in place and operate it themselves under the overall supervision of the Department of Labor. Our choice on the cabinet was whether the state should run the program ourselves or whether we should say, you know, "A pox on all your houses, to hell with you, go ahead and run it if you think you can."

We felt that that was extremely irresponsible both from the standpoint of our own state employees and the Department of Industrial Relations, and from the standpoint of our industries that would, in effect, have no local forum that they could in any way expect to be evenhanded. So the choice was made to go the state route and to support legislation that would take the maximum advantage of the latitude that the federal law gave us. That was done, and like all legislation it was a compromise, and it wasn't perfect in any sense, but it wasn't perfect from the other peoples'

Stearns: point of view either. As I say, I thought the outcome of it depended on how this appeals board took the citations that the inspectors in the field were writing and dealt with them from the standpoint of fairness, with the only consideration being the absolute safety to the worker in his place of work.

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Stearns: These people established under the administrative law judges a hearing officer system and appeals process. Another person who could enlighten you considerably on this besides those three was Terry Egan, who was the first executive secretary of that organization, whose wife, Jan, is now the executive secretary of it. Anyway, the end result after so many appeals and citations and everything was a system that operates very comfortably for everybody, and these people deserve a tremendous amount of credit.

It's a good example, maybe one of the better ones, of how you can get very, very upset about dotting every "i" and crossing every "t" and solving all the problems with a piece of legislation, but the test of it is when you take it to the field and the ability and the dedication of the people who are actually out enforcing it and whether it achieves its original goal or not. We found that out on Proposition 1--we had the choice between using a single sentence or writing it up in 5,000 words so that no lawyer could possibly appeal it, and we made it so complicated that nobody could understand it, and the people voted it down.

Lage: Was this the tax proposition?

Stearns: Yes.

Lage: When we turned the tape over we were in mid-sentence, I think, and you didn't finish it--about the absolute test of OSHA would be safety in the workplace, and not anything extraneous.

Stearns: Yes, the public purpose was safety for the workman.

Lage: As opposed to what?

Stearns: As opposed to labor unions using it as a harassment tool to force unionization on non-union plants. And this was how they saw it; they could use it as an organizing tool. They wanted their business agents and their safety inspectors to be synonymous, as the miners have been able to accomplish in some of their instances. This, in effect, would have made the local business agent the judge and jury. One of their people could just continue to file complaints, and they could just, in effect, harass the business almost to death.

Lage: Was that ruled out in the legislation?

Stearns: It couldn't be specifically ruled out. It had to be done through the appeals process, determining what was a legitimate complaint on the basis of whether this man was working in a safe place, was he being protected from these chemicals, were proper shields on the machinery, was the company doing something that ignored some future health problem for him? But it was the Occupational Safety and Health Act; that's what it said, and this appeals board made it exactly that.

In the farm labor thing, the organization of farm laborers had a hidden agenda, and this one did too. The purpose of the development of all of this was to try to chart a course through the whole thing so we would come out with people working safely, and at the same time our industry would be able to compete with other industries in other states. I'm happy with the way it came out. I think the key of it was the personnel on the appeals board.

Lage: And you had the opportunity to choose them.

Stearns: I had the opportunity to pick them, and I had the opportunity also to sort out for presentation to the rest of the cabinet and the governor these things as they developed. I was happy with the outcome.

Lage: Were there a particular staff person that you relied on?

Stearns: I relied on the same person, to a large degree, on some of this stuff that I did on employee relations--Bill Drohan and he had a couple of fellows helping him that...

Lage: Drohan?

Stearns: Yes.

Lage: Was he a deputy?

Stearns: When he came to the government, he was a retired vice-president of the Electrical Workers of America. He's a life-long union man. A friend of mine, John Mayfield, who was a deputy in Conservation, knew him and recommended him to me as a consultant when we had our labor problems in the Division of Forestry. I brought Bill aboard. Ultimately, when he left there, why, he had joined the civil service and is now a conciliator based in southern California with the Department of Industrial Relations. He went back as special assistant to Ford B. Ford in the Department of Labor for a year and a half, on a governmental transfer basis. Fine person, and extremely

Stearns: astute. Because he had been on the other side, he and Jerry Shearin, in organized labor and high in their councils for so many years, he would know in an instant whether a proposal they were making was sincere or whether there was something under the table, some hidden agenda.

Lage: Did he have any trouble with the Reagan philosophy?

Stearns: Not at all, no. The Reagan philosophy in labor relations can be stated very plainly, and it's the same one that Calvin Coolidge said, you know, that public employees have no right to strike against the public interest any time, any place.

Lage: And these men that were so involved in the labor movement didn't have any objection?

Stearns: These two didn't. No, they believed the same thing. There's a basic incompatibility between a merit civil service system and a union contract basis where dollars and cents are the only thing. You can't scream and want a merit basis really, on the one hand, and then promote a strike-threatened contract basis and have any hope that you're going to have the most competent people promoted on a regular basis up through the system. It's a basic incompatibility, and this is Bill Drohan's sense that some things lend themselves to union organization and to contract negotiations, but public employment is not one of those. And they just really had a hold of a tough old turkey when they got a hold of him. [laughter]

Confrontation with State Employees in Forestry and Water Resources

Lage: Why don't we talk about the issue of state employees? That was a pretty hot issue during your time.

Stearns: Yes, it was.

Lage: And you had a direct role. Why don't we go back to the roots with the first instance with the firefighters?

Stearns: All right. I think probably that might have maybe had as much to do with moving me over to the cabinet as any other thing. There were two places where employees were agitating: through the CSEA [California State Employees Association] and some little small unions. The ones that were firemen with the Division of Forestry were on Schedule A contracts--contracts where we were doing structural protection for cities and counties as well as our wildland. And that's pretty general to California. And there were two or three

Stearns: small unions that were getting pretty militant about that time. The CSEA had the Water Resources employees, ones that were operating the project, you know, they're running the ditch riders and so forth. And they ultimately did strike.

One of the recommendations the businessman's task force had made was that, as far as the Division of Forestry was concerned, that they were safety employees and that their retirement system should reflect that. They were in very strenuous work that required high physical performance and was also very debilitating and, like other firemen and policemen, should be allowed to retire at full retirement at age fifty-five, rather than, you know, being forced on up there. It was a recommendation to me that took me two years to do, but I got that through the legislature and got it funded--a significant change. In return for that we got high physical standards for entry into the firefighting forces and high physical maintenance standards. So they had to maintain their physical condition and pass a physical every year, and we stopped these heart attacks on the fireline.

Lage: And these were full-time jobs?

Stearns: These were full-time firemen.

Lage: Were they kept busy during the year?

Stearns: On the Schedule A ones, they were because they were protecting structures too. They protected everything. They went to all the fires. And the county paid their part of that, on a contract basis. These are the ones that we're talking about primarily, and the seasonal people were the lookouts and mostly young people that rode the fire trucks in the wildlands in the summertime. The same safety standards that we applied to everybody applied to them. But as far as the early retirement and so forth, why, this was a major change for them.

The big sticking point was that, in order to fund the retirement system that would retire them that early, they couldn't afford and the state couldn't afford to fund social security at the same time. And all of them were in social security as all state employees are in social security who are not exempt by safety status, which is the Highway Patrol only, I think, as a matter of fact. Bob Finch was the secretary of Health and Welfare at that time, the first in the Nixon administration. We applied for and got these people taken out of social security, and we were able then to richen up their retirement package on both the state contribution and their own contribution, so that they could afford it, and we could afford it. And it was a major change.

Stearns: These things don't happen overnight--in fact, I don't know any group that ever got out of social security before--and in the process of working this out this agitation for more wages and better working conditions took place. They were looking at firemen across the street that were being paid more, and with more time off and so on. Forever all of this was boiling up and around these various places in the state.

That's when I brought Bill Drohan aboard, and I had him going around and finding out what the real issues were. You know, what is it going to take to make us competitive? If we do this, is this going to satisfy them, or is this going to be the camel's nose under the tent? You know, what is going to be a fair and equitable solution here? And if we are able to offer it, just presuming that we are able to offer it, are they going to accept it? Then are we going to settle down now, and fight fires, and are our hens going to go back to laying eggs, or are they going to cackle for two more years?

Lage: Did all this begin with their agitation?

Stearns: I think the thing that triggered it, probably, was the Reagan austerity program when he first came in. We went a couple of years there without any pay raises, and these kinds of things are always a place for agitators to squack and talk dissatisfaction. CSEA, the California State Employees Association, was ultimately the spokesmen for most of all of these groups. They were when we got to the place of confrontation, where they were passing bills giving public employees the right to bargain and strike, and the governor was vetoing them. When it reached that point, CSEA was practically the sole spokesman. But early on, there were--

Lage: These were earlier occurrences.

Stearns: Yes. Early on, why, there was some disagreement among them on who really could yell the loudest and jump the highest and so forth.

Lage: Was your move to lower the retirement age a response to their requests?

Stearns: No, no, no. It was a result of the study that we had by this businessman's task force that came in and said that these people are doing hazardous work; it is unfair to them--you cannot take people in this kind of loose physical screening or physical conditioning and expect them to provide the same kind of fire protection for people living in houses and things that the city of Oakland does, you know, with their ladder trucks and everything. It

Stearns: was raising the level of professionalism and doing it at a fair price. And not breaking the word or the contract to those people who were mid-way through their public employment. Exactly the same principle that the president now says, you know, on social security. As far as he's concerned, it's a breach of contract to change the rules on anybody that's now in it. They don't hear that, but he applied that then too. We don't change the rules in the middle of the game.

Lage: Did they object to being taken out of social security?

Stearns: Oh, no. They were tickled to death to be taken out of social security. We said, "When we've got the money we'll catch you up." Ultimately we did, you know, and the other thing came along with it. It was--

Lage: You said that you felt that their demands were fair.

Stearns: I understood why they were uncomfortable, but I thought that demands for more money now, or else, was not compatible with their employment. I didn't think that anybody that had a public responsibility that would knuckle under to those kinds of demands could expect to go back to whoever he was accountable to and say, "I got the best help I can get at the best price I can get, and the best protection we can get for the taxpayers money." I didn't think that was the case, so I guess, to summarize it I pretty much told these people in the Division of Forestry that, "If you claim that you have a right to strike, and you want to strike, why, that's your interpretation of the law." But I said, "The minute you do, then we're going to start talking about when you can come back to work, and it's going to take you about three years, boys. You know, if you pick up that sign and walk out and tell these people down here that their houses can burn down, the appeals process is a minimum of about three years, and you can just go out and pick with the chickens for that long."

In the meantime, some of the water resources employees did strike. And they came out and got the picket lines up, and they marched up and down the street and around the Resources building with a bunch of hooping and hollering. Bill Gianelli held the line on them. There was just so much money, and that was that. And when the governor determined, you know, when they had been off the job sixteen days--or whatever it was that the Personnel Board rules said that off the job voluntarily that long constituted a resignation--Bill was authorized to stand up and say, "I will accept all the resignations of whoever is not back to work tomorrow morning." They decided that they'd probably gotten as much as they were going to get, but the outcome was not conclusive.

Stearns: Earl was a spokesman on the cabinet at that time, and as I say, Earl's health was just not good. And Earl and I did not disagree on this point of view. We agreed. The only thing we disagreed on was how we approach it, whether you do it on a flat-out confrontational basis or whether to hear these people out and hopefully you'll save a few friends for the governor.

Lage: Which side of that did you take?

Stearns: I took the side of finding out what their real beefs and legitimate concerns were and looking at the money that we had available to us. If they didn't see reason in that, or couldn't accept the fact that the next year when there was some money in the treasury we'd make it up, and they just still kept saying, "To hell with you, we want it now or we quit!" then that's where we had our confrontation.

Clearing the Air--City of Sacramento Firemen's Strike

Stearns: The thing that simplified, really cleared the air, is when the city of Sacramento firemen did go on strike. These same unions that represented some of our smaller groups represented the Sacramento city firefighters, and they struck against the city council. The city council called the governor, which any city can do in the absence of any public protection, and asked for help. We had the Division of Forestry, and these people were confident that our Smokey Bear fellows couldn't hack big structural fires. So they struck, and we moved our people in. Out of the twenty-four fire stations, we closed twelve of them and then operated the others on a platoon basis where there is just an automatic dispatch from one to the other to the other, depending on what the fire was. They put all the fires out for three weeks, and they broke that strike, and there's not been a firemen's strike in California since.

Lage: How did your state firemen feel about breaking this strike?

Stearns: I had no revulsion at all about it because they were striking for something--well, the city council didn't have the money to give them what they were demanding.

Lage: But did you get any feedback from the firefighters themselves?

Stearns: From some of the militant ones, you bet. To begin with, the people were very resentful. We asked for an armory there in Sacramento, and we made a great big firecamp out of that armory. We had to protect it too because there was some violence, major violence, that went with this. And these fellows were in that armory where they could sleep and eat and be protected. We set up the very best field kitchen that we could set up, with the finest kind of beefsteak we could buy, and even had a beer ration, which is unheard of in firecamps.

Lage: You wanted to keep morale up.

Stearns: Yes, that's right. And we rented a whole fleet of Hertzmobiles for them to use on their hours off so they could be out of uniform and could go to movies and these kinds of things. After they'd been there a week, well, all of a sudden, they began to look around, and it turned out that they could fight those fires just as good as anybody could. They were putting the big ones out.

Somebody set on fire, on an arson basis, several of those big three-to-four-story old mansions in that neighborhood sort of south and east of the capitol. There's quite a large group of old homes, and they were vacant homes that they set off sure enough in the middle of the night, whoever set them. These guys could take those hooks and ladders and do just as good as anybody. Well, all of a sudden the feeling of pride set in, and these ones we had up there didn't want to go home at the end of the first week and be rotated. And the ones out at home whose turn it was to come, were clamoring to come up and show the world that they could fight fire.

The strike ended up--the city council had nothing to give the city firemen, not all they demanded anyway. The city had eighty-some of them that were on probation, and they fired them flat and said their recruiting was open. The others, if they didn't come back at the end of another ten days or so, they were fired. Because when the city asked me, "How long can you keep these people in there? I said, "Well, we just finished the fire season. We've got all winter. We're enjoying ourselves. The city's paying us for this." And they were. They were reimbursing us.

Lage: The city?

Stearns: Yes. The city. It was a direct reimbursement. We weren't giving a thing away, and yet what we were charging them was costing them far less than it was to pay these people their going wages. We did this by cutting the number of people in half and automatically responding them, as I say, on a platoon basis to all major calls. So we were giving them their fire protection like we did the oil spill cleanup at a real good price.

Lage: Who directed that operation?

Stearns: Me.

Lage: You did it yourself?

Stearns: I was out there most of the nights myself, yes. Well, ostensibly the state forester, Lew Moran, was in charge, but I thought it was altogether too critical and too sensitive from the governor's point of view to have anybody but myself there. And we got the death threats and had to have my car protected against tail-pipe bombs. All just part of the job.

Lage: None of that happened I assume?

Stearns: No, no.

Right-to Strike and Collective Bargaining Issues for State Employees

Lage: So that was the background, and then you became head of the unit on employer-employee relations.

Stearns: That's right. Several things happened about that time: one was that the militant unions themselves, because of the city strike, were largely discredited. CSEA had been the spokesman for the Water Resources people. They claimed they had won it because they did get as much as the state had that they could give them. They began to agitate in the legislature for the legislation that gave them the right to organize and collective bargaining for public employees. That was what they were after, which implies the right to strike.

That was at the point that I went in as head of Agriculture and Services and took Bill Drohan over there with me. Again, we began at the beginning as far as what were legitimate complaints and what was just CSEA and their own empire building. For that two years and four months that I was there it was, I would say, largely confrontational. They ran for and elected their directors and their spokesmen on their degree of militancy. I didn't budge a bit, and I didn't let them anywhere near the governor.

Lage: So you were in charge of meeting and conferring with the leaders of that group?

Stearns: Right. When they came in with their budget requests, they were treated just like everybody else--we had the resources that we had to deal with, and we had everybody else to consider as well as these that they were speaking for, and everybody got treated the same. Oh, this was never good enough.

Lage: Well, did they tend to come in as individual groups of workers?

Stearns: Well, they had separate groups. I would say it was CSEA as a whole, but there was a militant fringe in several different places--I can't really name them all to you now, who because of the nature of their workplace or something had some kind of a particular gripe. Some thought that they--I suppose it's an age-old argument. It's the one that's going on right now about equal work for equal pay between men and women, and this was between disciplines mostly and...

Lage: Private and state employees.

Stearns: Private and state, or state and state, like the comparison between working in the computer room in the Department of Motor Vehicles with working in a typing pool over in Industrial Relations, or whatever. A lot of them that could see something hazardous in their duty, or extra hazardous--it was just a lot of those little kinds of things. We had to find the measure of truth, a measure of equity--equity was what we were after. It's always been a claim of public employees that they are underpaid compared to the private sector. And it's always been a claim in the private sector of exactly the opposite. There's truth on an individual basis in both instances.

Lage: So was there an effort to bring up the ones who were poorly paid, comparatively?

Stearns: Yes, we did a lot of internal adjusting. The Personnel Board was part of the agency. It wasn't under me in the sense that I had an executive handle on it: they're an entity all their own. They were under me for the purpose of handling legislation or getting governor's office approval of legislation, and for budget coordination purposes, but it wouldn't be strictly true to say that the Personnel Board, or the Teachers' Retirement System or the Public Employees Retirement System were as executively accountable to me as the line departments.

Lage: I think we've made clear the stand on collective bargaining and right to strike.

Stearns: Yes. I didn't believe in it then, and I don't believe in it now.

Lage: Did you discuss this with Reagan?

Stearns: No, never on a one-on-one basis, we didn't. But, you know, in cabinet meetings he's not the least bit reticent about stating how he thinks, and in fact, on this subject and on most others just hearing what he said--you only have to hear it once, you'll never hear it any different.

Lage: So you know that this was his view as well.

Stearns: Pretty much, yes. He expressed himself on this very plainly, but not in terms of telling me to lay down the law. I just would come over with the cabinet issue memos and would say, "This is what I propose." He either approved them or he didn't. On that subject, there was never the tiniest disagreement so far as I know, and he was a union president for six terms of the Screen Actors' Guild. I could see no more incompatibility with his feeling on this matter of public employees than I could with Bill Drohan or Jerry Shearin. You know, they were from the same point of view, and they agreed completely. When the air controllers' strike came up [with the Reagan administration in Washington]--and again, I'm diverging but--I was over in the Department of Energy then, and I got a call from Ed Thomas and he said, "What did we do when those firemen were threatening the same thing?" And I said, "I'll shoot you off a little memo, and I'll call Molly Tuthill [archivist of Reagan administration papers at the Hoover Library] and have her send the stuff from Hoover that backs it up."

He said, "The president's going to have to say something to the air controllers in the morning." So I sent over a two-page memo on my memory of what we've just been talking about here. Molly sent me quite a package of stuff that came in overnight on Federal Express, and I called Ed Thomas back and said, "And this is..." Ed said, "Well, here's what he's going to say." And I said, "Well, that's identically and exactly what they did before." They were just clearing to see whether anything that he was proposing to tell those air controllers was in anyway incompatible with actions that he'd taken before. That's the greatest weakness you can have when you take something that's a major confrontation like that and there's anything in the record that you have been in a different position at sometime in the past. That's all they were doing with me; I had no part of it other than to certify that what he was telling to those air controllers was consistent with what he had done before, in all instances.

Lage: Maybe that's why Molly Tuthill couldn't find any materials on the firefighters for me. [laughter]

Stearns: Well, I tell you the only place you'd ever get an awful lot of that is just right here, because there was an awful lot of it that wasn't documented until it got to the point of decision and then you wouldn't have recognized it as that. It would have appeared as a budget item.

Lage: Yes. That's right. That's why this kind of discussion with you is important. You mentioned, I think when we talked on the phone, something about contingency plans for strikes and slowdowns and whatnot. Was that a part of your responsibility?

Stearns: That was all part of this planning; it was all part of the things that Bill Drohan was advising on. Ultimately, they decided that these kinds of tactics were self-defeating, and they got the legislation they wanted in terms of collective bargaining and so forth when Jerry Brown was elected governor. That was one of the first things they got. They never had any problem getting it through the legislature, just getting the governor to sign it. And strikes and slowdowns and these kinds of things, you know, they're all weapons that they can use or think they can.

The bad thing about strikes is that there is no such thing as a non-violent strike. I believe that Baptist ministers, if they collectively struck, would be throwing rocks at windshields within three days. There seems to be nobody so mild that they cannot collectively figure out the need to do violence to something or somebody in a strike situation. The teacher strikes we're having back East now, they're just classic examples of that. Out of all the people in the world who should be setting examples for our children, they should not be out there beating on guys with picket signs.

It's just that when it gets into the public domain it's very ugly. The losers almost invariably are the people with the jobs themselves because their professionalism is damaged, and their integrity is questioned, and their employers, who are the general public, are disgruntled and disgusted. The relationship of mutual cooperation and admiration and respect that's absolutely vital to almost any kind of a public employment relationship with their district or state or county or whatever, melts away. To protect that is why I saw these other things all as insidious attacks in one way or another designed to weaken the mutual respect and cooperation of the employer and employee in the public sector.

Lage: Did you work with Walt Taylor in the CSEA?

Stearns: Yes, he was one of the ones. Walt was not one of the ones that was the most confrontational. There were others that were on the board at that time, though I don't really remember what the names were.

Lage: Was the quality of their leadership less than you would have hoped for, or did you think they did a good job?

Stearns: I would have hoped that they would have given an equal ear to some of the more moderate voices that they had that were asking to give the state a little time.

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Stearns: What I was leading to was the treatment of the safety employees in the Division of Forestry. If they would look at the fact that even though it took us a couple of years, ultimately, we made our word good. When we had the money, we adjusted their salaries. We did fix up their retirement system. With time and economics and the ups and downs of California's economy, we would be fair when we could afford it. And ultimately we did, but the impatient ones insisted that, "We want it now, or else."

Lage: Here's a quote I ran across that you may want to disagree with, or maybe not. Merv Dymally had said that Ronald Reagan "distrusted and disliked people who worked in government."

Stearns: That's exactly the opposite of the case. He does not distrust and dislike people that work for government. There was never anything vindictive in any of the things that he did. I told you early in the interview that the difference between Ronald Reagan and most other politicians is that he genuinely trusts and respects the opinion of the informed people of the United States. And included in those are public employees as well as everybody else. He makes no distinction. No, it is not true that he has any animosity for anyone because they accept public employment. Merv was being just a bit of a demagogue.

Lage: What did you think of the quality of civil servants? You certainly had to work a great deal with them.

Stearns: This has been a surprise to me all of my life because I told you how I started. But the level of dedication and competence of the county employees came as a revelation to me. The level of competence and dedication of the state employees came as a revelation, and the federal employees, the same thing. I have in common with almost everybody else who dealt with government from the outside and had a lower opinion of all of these things as far

Stearns: as public employees were concerned than the reality turned out to be. The selection system in a merit civil service system is really a heavy screening thing. You will find four and five hundred people taking the examination for possibly ten positions. Then from that point forward, as they progress into management and other layers above, it's all through successive examination, and so forth. It is true that there are people that are incompetent but it's true everywhere else, and the most unfair indictment in the world is that they are universally anything but competent workmen.

Farm Labor Militancy

Lage: That's a good way to wrap up the public employee's issue. Let's turn briefly to the farm labor issue, if that can be treated briefly. And then I want to ask you some general questions about how the agency and the cabinet functioned. Farm labor was another controversial issue.

Stearns: Yes, it was.

Lage: And how involved were you with this?

Stearns: At that point, the government didn't have an agency that could deal with them. The legislature was in the process of passing the farm labor board bill and did pass it. Ronald Reagan signed it. But it was in Jerry Brown's term before the appointments were made to it. Had that bill not passed, chances are Cesar Chavez and his almost revolutionary militancy would have faded from the scene, but this gave Cesar a new lease on life.

Lage: Did you not favor that bill?

Stearns: No, I did not favor it. The reason that I didn't favor it was because this governor was going to sign it in good faith, but someone of completely opposite point of view, from the standpoint of the support of the militant farmworkers, was going to be able to pick the members of the board that would interpret the policy. An identical situation was the OSHA appeals board that I've mentioned some time ago--those people who are put on the board really make the law. And in this case they gave Cesar just about everything he wanted.

The Teamsters were making a competitive move about that time. Between the two of them fighting each other, and God knows who was scattering those tetrahedrons in the road to stick in your tires,

Stearns: and the violence in some of the vineyards and so forth, it was a pretty ugly thing. And we had no means--the state had no entity for arbitration, the need for that was there. It was the balance of the board that would guarantee that neither side was dominant--apparently that was easy enough to breach because the operation of it for the first three or four years of Jerry Brown's term was altogether unsatisfactory from the standpoint of California's agriculture.

Lage: Did you advise Reagan not to sign that? Was this signed right at the tail end of his administration?

Stearns: As I remember, it was. The records over at Palo Alto [Hoover Library] might make a liar out of me now, but my recollection is that I advised him not to sign it. There was another similar piece of legislation on the California Energy Commission that was the same thing. I very positively recommended that he not sign that, for the reason that he would be taking responsibility for something that he wouldn't be able to control. It grandfathered in eight power plants that would be built before all of these other regulations regarding siting came into play; the only one of those that was ever built was Diablo Canyon. This new commission that was appointed by Brown was able to so circumvent that law that none ever came to pass. All of the applications were withdrawn.

I can't tell you specifically from my own memory--I know that I advised against signing this farm labor bill, but whether I did it verbally or whether it appears in writing or something, I just don't remember.

Lage: Was there a particular person who more or less shaped the Reagan policy towards farm labor or was it a cabinet discussion?

Stearns: I think it was pretty much--this is one of those situations where Ronald Reagan doesn't need anybody. You know, he was a union president himself, and he has pretty strong feelings on this thing. Once the equity of the situation is decided, why, he doesn't really need any experts. I'd say that more or less it was the whole cabinet, and to an extent, the director of Agriculture at that time--Brunel Christensen.

Lage: Christensen was a neighbor of yours.

Stearns: Oh, we were the best of friends. Of the sixteen years I was on the Modoc County Board of Supervisors, he was there for twelve.

Lage: I see.

Stearns: And I was still over in conservation when he indicated that he might be willing to come to Sacramento. I talked to Earl about him. Earl hired him. Then when I went over as secretary of Agriculture, why, here was the two top agricultural positions in the whole state being held by a couple of cowboys from Modoc County with only 1,700 registered Republicans. It's ridiculous! [laughter] Modoc County had the president of the California Cattlemen's Association that same year. It was really overkill.

Lage: Well, anything else we need to say about farm labor?

Stearns: I don't think so. I think that it's just come full circle now. I think Cesar's been pretty well shown up for what he had in mind, which was more of a social revolution than it was equity for the farm laborers. The Mexican-American labor supply for California agriculture is just vital. These people have a competence in handling our tender crops--they have gentle hands. Most people don't know that about them, but their hands are gentle. They can pick the daintiest kinds of fruits and vegetables and pack them without a bruise on them. You turn a bunch loose that you picked up down at the labor office downtown and haul them out there, and you'll have a box full of garbage. These people are being treated better by agriculture--they were then and are now--than most have given credit for. You can only find the bad examples. But they are the one thing that California agriculture can't function without, from border to border; these people operate the machinery and they irrigate the crops and they pick the trees. A legitimate farm labor movement, which recognized all of these kinds of things would have been negotiated by agriculture at any time, but this wasn't really what Cesar had in mind. I think that we're getting back to a measure of sanity on the thing now.

Lage: So you think, perhaps, that some of their complaints were legitimate?

Stearns: No, not Cesar's. I'm positive that the Agricultural Labor Relations Board that Jerry Brown appointed was pouring gasoline on the fire, certainly from the standpoint of anybody's investment in agriculture.

Pesticides Regulation in Agriculture

Lage: Let's talk for just a minute about pesticides' regulation. You had mentioned that in the papers down in Palo Alto as being an important thing which was resolved during this time. You also had a background as a cropduster, which is kind of interesting.

Stearns: I have all the respect that dangerous pesticides deserve, because, as I say, I did handle them for ten or twelve years and what is generally thought to be one of the more dangerous kinds of applications with a low flying airplane. Pesticides in agriculture have taken an awful lot of public abuse, and in a lot of ways it's been a bad rap. The difference between our agriculture and all the rest of the world is that we're feeding our produce to our people, and most of them are feeding theirs to their bugs, or letting it be crowded out by weeds. So chemical pesticides, and herbicides, and fertilizers, and fungicides, and these kinds of things are the key to our agricultural success, as well as our economic system. Without those, we would be doing the same as they do in the other parts of the world.

That comes down, then, to determining what the dangerous properties of these things are, and knowing as much about them as we can, and assuring from government's point of view that those people who are handling them, wherever, are as knowledgeable as they can be, and are as careful as they can be, and as responsible as they can be, and can be held responsible in case of flagrant disregard for anyone's safety. We thought we had a pretty good system.

There has been an intergovernmental jurisdictional quarrel going for some time. A lot of people in OSHA and Industrial Relations would like to be the ones driving this particular train, and Agriculture says they are the ones that have all the experts, which is true. And the federal government--that camel always has his nose under the edge of the tent, and when there is a squabble going on in that dark corner over there, why they ease in a little more.

Congress in its wisdom is always passing something like the Delany Amendment which is probably one of the stupidest things that any legislature ever passed. That's the zero-tolerance thing; if DDT is detectable at all, you know, one part per billion... At the time they passed it, why, one part per million was detectable but a part per ten billion wasn't, and now these elements are detectable in anything. There's thirteen parts per million DDT in Eskimo's fat, for example. That's the Delany Amendment.

Anyway, when they're arguing over who is the controlling factor in these things, it's been endless. And it's jockeying back and forth. The Reagan administration tried to maintain the level of enforcement at the county agriculture commissioner level with support from the Department of Agriculture. And we had what we felt was a satisfactory thing.

Lage: It was more or less the status quo.

Stearns: Pretty much, yes. And we did support more research money on the unknown properties of some of these chemicals that were new to use. We were a little uncomfortable with USDA's licensing procedure, on particularly some of the pesticides that were unique to California's crops. We have over two hundred crops here in California, and some of them are practically the whole world's supply of some of these more exotic fruits and nuts and things. And so the pesticides that were developed had uses here that were unique. It was like the oil drilling off California's coast. The precedents that were set other places didn't necessarily apply here. We wanted the latitude and the money to follow these leads up to be sure that what we were certifying was, in effect, safe.

Lage: Did the state have that ability?

Stearns: To a very limited degree. The federal government's ability depends almost altogether on the manufacturers, and their principle defense has been procrastination. They just put it off and put it off and put it off. Some very fine cheap pesticides, I'm sure, have gone down the tubes because they could never get some bureaucrat to sign his name, even to test it.

Some pesticides are, in my opinion at least, badly maligned. You know, it's very rare now when you open a can of green beans and find a worm in it. And I bet you can't remember the last time that you were cutting up a head of lettuce and had worms fallen out of it. We have a generation of people now that don't know what it is to find any kind of anything alive in what they are about to eat. It spoils people. So we have to be doing something right.

The tendency when you're dealing with dangerous chemicals, or anything that people don't know about, is to be on the super, super safe side. We have a very bad tendency in this country--and we're seeing it now with toxic waste and the argument over the EPA's superfund, and so forth--to solve things legislatively on the basis of a bunch of scare talk. A lot of it entirely wrong, and then refusing when the technical studies and scientific work is done that proves or disproves it one way or another to correct the mistakes. They almost never do. DDT could be in maybe not general use but in spotted use a lot of places. With DDT as an available tool, we would have never had the medfly problem because DDT will take those medflies out.

Stearns: I've hauled hundreds of tons of DDT dust in an airplane with it blowing right in my face. I've eaten probably more DDT dust straight than most people have eaten in Aunt Jemima's hotcake flour. [laughter]

Lage: It doesn't sound too inviting.

Stearns: Well, I'm still alive. Anyway, the answer in all of these things is technically competent people who have no other ax to grind except the public safety. At that time, that was our bottom line. The Deukmejian people now are trying their very best to return to more of a state determination in this area. And the fellow that does it best of all is the agricultural commissioner right in the area. He knows all the farmers, he knows where all the work is being done, he is highly competent in all the technical aspects of all the chemicals that they use and everything. It could be worse.

IV THE AGENCY, THE CABINET, AND THE GOVERNOR

Appointing Department Directors: Political Criteria?

Lage: Let's go back to certain general questions which might bring up some specifics on how you managed the Ag and Services Agency. Did you have a particular management philosophy?

Stearns: Yes, yes, I did. I made heavy reliance on each of the people that I had, like Bill Drohan in the labor area, and Al Hill who was my deputy and was my alter ego in all things. I had a legislative aide (Joan Jennings) who took care of all of the legislation, and I trusted her implicitly to see that nothing that affected us was overlooked, that we met calendar requirements on hearings and administration positions and these kinds of things.

Then and now I'm probably the world's laziest guy. I don't do any work at all. And that's consistent with what I've just done with the Securities Investor Protection Corporation. Those people who are highly trained and through long experience and hundreds of demonstrations have proved themselves more than able in their special categories--I let them do their job.

Lage: So you have this philosophy too of giving people their head and--

Stearns: That's right, and I sit back and take all the credit.

Lage: That's a nice position to be in.

Stearns: I've done it all my life. [laughter]

Lage: Did you have a choice when it came time to replace department heads?

Stearns: It was kind of maybe an unwritten system, but the agency secretary, as a general rule, was one of the first people who was contacted when they were aware that a vacancy was going to come up. And he screened all of those people. The governor, you know, had the final say through his appointments office, but the agency secretary had a major, major input, and I would say it's fair to say that the agency secretary did have a veto--prior to the time it went to the governor. If they were picking somebody in one of the departments he was responsible for, such as director of Veterans Affairs or something, and the agency secretary was positive that this guy was a no-good-nik and did not meet the kinds of tests that I outlined that were expected of Reagan appointees, he could, at the appointments office level, veto it. I don't know that that confrontation ever happened, but I'm positive that it would have been sustained.

Lage: Was there anybody you wanted to replace as you came in?

Stearns: No. No. This system almost had all of its discipline built into it. There were some of the greatest of them, and there were some of the least of them, you know, and largely this was on a pretty doggone subjective basis. Unfair to some of the individuals maybe, and personalities, of course, entered into it, but I think that, no, I did not have to fire any of the department directors that Earl Coke had in place. I did not. In fact, I followed through and asked for the appointment of one that he, through his screening process, was ready to make a recommendation on; that was Ed White, director of the Department of Industrial Relations. So, that has never been one of my problems: getting along with my subordinates. I think it's kind of like picking a wife; you pick the right one in the first place, there's no point to argue. [laughter]

Lage: One of the things Earl Coke did say in his oral history was that he felt that at times Reagan used political criteria to choose some of his department heads. And there was one in your agency where it was so charged, and that was Consumer Affairs.

Stearns: Oh, Patty Gayman?

Lage: Right.

Stearns: Yes, well I was responsible for Patty Gayman.

Lage: So you had recommended her?

Stearns: Yes, that wasn't Earl's choice.

Lage: Actually, he didn't even use Patty Gayman as an example. He used another example which I can't recall. But the Gayman appointment is one that occurred during your tenure as agency secretary--one that others said was political.

Stearns: Oh, I see.

Lage: There was uproar from the consumer lobby about Gayman.

Stearns: Yes, well I'm more than happy to defend both the governor and myself on that appointment. Patty, sure enough, she was working as a scheduling aide and stuff over in the governor's office, but she was a gal with a tremendous amount of talent, as time has subsequently proven. She still is the Sacramento representative for San Diego County. And Patty was a great director of Consumer Affairs. She's just one of these really competent people. Reagan was not making a leg toward women or anything. He picked who I told him I thought at that particular time was as eloquent a spokesman, as good a department director as he possibly could get.

That department is a can of worms anyhow. All the regulatory agencies and the licensing boards and everything are in there. And everyone of those board chairmen thinks he's a little king of some kind because he's been appointed by the governor. The director has to have a barrel of charm, and Patty has. I can see why, from the outside, I could be accused of political favoritism, or that he might, but I'll defend it on the basis of Patty's competence. She's just a crackerjack.

Lage: She carried through those responsibilities?

Stearns: Absolutely.

Lage: Did she bring kind of a consumer orientation with her or perhaps you didn't want a consumer orientation?

Stearns: Well, I've always maintained that there isn't any such a thing as a consumer orientation other than a self-serving militant one. Everyone is a consumer. Everyone has a point of view. Everyone has a favorite airline. Everyone has a favorite supermarket. They all have their own separate reasons for why one is best. There are other main criteria besides cheap. So consumer-oriented, meaning that you have to sue General Motors every other day is one definition of it. But mine is that everybody is as competent a judge of what's right and fair from a consumer's point of view and what is fair treatment as the next fellow. All you need to have is an open mind, an inquiring mind, and a sense of justice and fairness and equity. Just that simple.

Lage: Was there any one department that took most of your time and attention?

Stearns: No, I wouldn't say so. Those department directors were nearly all experienced when I got there. Everyone had his program very much in hand. It's always a mistake to reach over somebody's shoulder and try to honk the horn or turn the wheel. And I never did do that. If I had had any of them who were rebellious or refusing to carry out the governor's program or something, why I would have just asked them to step down, but I didn't have to do that. It was my job to do it if I had felt the need.

Resolving Conflicts between Departments

Lage: Did you have to take a policy role, or did you take a policy role in any of these departments?

Stearns: Well, it was impossible not to. It was impossible not to, particularly where two of the departments--either in one agency or across agency lines--were in conflict on something.

Lage: Can you give an example of that?

Stearns: Well, one of them was building of the California Water Project. Who was going to pay for the fire protection when they were going out across those dry grasslands? When they put in the fishing access facility, did Fish and Game pay for that or did the people who were going to buy the water pay for it?

Lage: So that would be the Department of Agriculture?

Stearns: Well, that would have involved Fish and Game, and Parks, and Forestry, and Water Resources.

Lage: That's all in the Resources Agency.

Stearns: Yes, that was all in Resources. Well, let me see, let me think of something. Agriculture was also falling over Fish and Game on a more or less regular basis.

Lage: That was inter-agency conflict.

Stearns: That was two different departments in two different agencies. Usually it was over wildlife habitat and practices like burning rice fields and what was the policy going to be, and that was fought out pretty much on a clean air basis, on the Air Resources Board. But it did involve pheasant and duck habitat and so forth.

Lage: Did pesticides come up here?

Stearns: Less than you would think from a state responsibility point of view. This one they have going down there right now at Kesterson Wildlife Refuge* is probably going to be a textbook classic example of a conflict between agriculture and wildlife and other uses because of the presence of that high level of selenium there as well as the salt. But it's well to remember in this situation that first they start arguing about who's going to pay for it; now they're arguing about whether it even needs to be done or not.

Lage: This drain, the San Luis drain?

Stearns: Yes, to build the drain and get the wastewater out of there. But, you know, the Hanging Gardens of Babylon now look like suburbs in Barstow [California desert town]. So if you just let that salt run in there long enough and don't get it out, well, you know what the San Joaquin, which is now one of the world's great gardens, is going to look like. My own personal opinion is that they ought to build that drain and they ought to build the Peripheral Canal. These are pure and simple water management tools enabling competent people opening and closing gates to maximize the resources for everybody.

Lage: If there were a conflict between Agriculture and Fish and Game--I wish we could think of a real specific example--would that be resolved at the cabinet level or through you and Ike Livermore?

Stearns: Most of the time the two directors would resolve it, and if they couldn't, then they'd bring it to their separate secretaries, and then all four guys would sit down and talk about it. And perhaps they would say, "By gosh, this is one that the governor's going to have to solve." I remember one on a duck stamp bill that Ray Arnett [director of the Department of Fish and Game] wanted vetoed. One of the staff people [Mike Deaver] wanted it signed. Arnett understood that it was the state duck stamp on top of the federal

*A wildlife refuge in California's Central Valley polluted by high levels of selenium from agricultural wastewater.

Stearns: duck stamp, and Ray said that money was all to be used to buy more refuge land. Ray's contention was that they were doing just fine with the money they had right now. This was just another tax on the hunters.

Ray thought that the governor should veto it and understood that the governor was going to veto it. He found out, I guess at the last minute when the governor was working on it later at night at home, that he was going to sign it because Deaver wanted it signed. He went roaring out there to the governor's house about 10 o'clock at night, and they had a great big hassle with the state police. He wanted to get in and say his say. Finally, I guess, the governor had gone to bed, but the governor had done what Mike wanted and signed the bill. So there was a conflict that went all the way to the top.

Advice to Reagan on Establishing the Energy Commission

Lage: Did that happen very often, where Reagan would be approached not through the cabinet?

Stearns: No, that didn't happen very often. The one I mentioned a while ago happened on the California Energy Commission.* That was a difference of opinion between Don Livingston and myself. Don was the legislative representative, and he had worked out what he thought was a compromise with Bob Moretti. I didn't think so. All I could see was that Jerry Brown was going to appoint those people, and I thought that the eight power plants that were grandfathered in were only guaranteed to the extent that those folks kept their word. And that's how it turned out. The power plants were never built.

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Lage: How did the Energy Commission conflict get resolved?

Stearns: Well, it was a luncheon legislative session in the governor's office, and present were the members of the cabinet and about five or six of the governor's top aides. Ed Meese, and Don Livingston, and Mike Deaver were there, and I think--I shouldn't name any more because I'm not sure of them. There was some difference of opinion. Ike Livermore wanted the bill signed; I wanted it vetoed.

*The 1974 Energy Resources Conservation Act.

Lage: Was it under your jurisdiction at all? Or are you just doing this as an interested cabinet member?

Stearns: It was one of those things that was general enough, establishing a new commission, that we all had about an equal say as far as advising the governor was concerned. Because it didn't fall directly in any of our immediate jurisdictions, none of our legislative units had been following it. The governor's own legislative unit had been, and that was Don Livingston. As I remember, Frank Walton wanted it vetoed, and Jim Jenkins wanted it vetoed. I don't remember what Verne Orr's opinion on it was. And I vehemently wanted it vetoed. So he heard Livingston, and he heard me, and I probably didn't do myself any good with a lot of those people because I was forceful and I admit, semi-profane, in saying what I thought the ultimate outcome of this was going to be. I summarized it by saying that if the governor signed it, it would be the biggest mistake that I had seen him make in his whole administration. Well, you don't need to talk to that man that way. I had no business saying that. Somebody should have stuck their thumb in my eye. But I did say it, and that's how it came out.

Lage: And he didn't go with you?

Stearns: He didn't. No, he signed the bill, and Jerry Brown appointed the new commission. And the new commission immediately deep-sixed all seven of the other projects [power plants that were to be grandfathered in]. I just saw in the Chronicle this morning that the first unit at Diablo Canyon went to 100 percent power for the first time, and that has been since 1974. That's been eleven years. The commission, in terms of standing crossways and the dog barking in the manger, did a magnificent job. [laughter]

The Cabinet as Advocate: Influencing Reagan's Decisions

Lage: One of Earl Coke's comments in his oral history that I thought was interesting was how he viewed the cabinet. He didn't feel that they should be advocates for a point of view, but that they should be communicators to the governor, advisors to the governor. In fact, he had a criticism of Livermore because he was an advocate. Here, you were obviously an advocate too. But what do you feel about that general view?

Stearns: Well, I'm interested to hear Earl say it because there was a time or two when he had a strong opinion about something that he was just as good an advocate as you can find.

I think maybe it might be a little misunderstanding. He felt that it was our job to see that the governor sitting up at the end of that table had every bit of information that he could possibly have available to him on as objective a basis as possible, without a lot of flamboyant props, without a lot of long windy speeches. This was the academician in Earl Coke, who just wanted the cold, scientific facts on both sides of the table, and differences of opinion if so, but in terms of being an advocate, he didn't think that any of us had any business pressuring the governor at all. And I agree with him 100 percent.

Now, Ike was partisan enough on some of these things that he felt very strongly about them, and he would go to almost any lengths to either put off the decision on something or get across his point of view, and that's the difference. But I guess what I'm telling you is that I'm being mealy mouthed and agreeing with both of them. [laughter]

Lage: Well, obviously when you felt real strongly about something you took on the role of advocate also.

Stearns: I did. And in spite of what Earl said, he did the same thing, and so did all the rest of them. Frank Walton could express himself very, very firmly, and at the same time do it in such a way that nobody could take offense. Have you interviewed him yet? Has he been interviewed for this project?

Lage: I'm sure he has, yes.*

Stearns: He's one of the great gentlemen I've known in my life. Ike is too, as a matter of fact. Ike is one of the original gentlemen of several generations ago. It was quite a unique bunch of people, as a matter of fact. So different in so many ways, and so alike in their singleness of purpose, you know. And, as I say, what amounts to now half a lifetime of dedication to a single public figure, a most unusual and unique thing.

Lage: Tell me what kind of arguments did you find from your point of view, would persuade Ronald Reagan?

Stearns: Fairness and equity, above all. He does not believe in breach of contract. He doesn't believe in changing the rules in the middle of the game. He believes very strongly that those people who are

*Frank J. Walton, "Transportation Policies and the Politics of Conservatism, 1964-1974." Interview contained in this volume.

Stearns: purchasing a public service, to the extent that it's possible to do, should be the ones who pay for it and should set the level of service. Anything that's spurious--there is one thing that makes him madder than anything else and that is to sit here and tell him that for some political purpose he should do this for political expediency alone. Off will come those glasses, and they'll slam down on this table, and that's the end of that argument.

Lage: Can you think of an example where that happened?

Stearns: Well, I think that it was well enough known that very rarely, after he did it a few times, that he had to do it. It was mostly on budget items, on whether or not we were going to go along with certain budget requests because of a constituency that was going to be outraged if he didn't. There were a couple of things; I wasn't on the cabinet--Earl was--when a couple of the controversial milk pricing things came up and somebody had the temerity to tell the governor that he couldn't offend this bunch of people. And he said, "I can offend anybody if this is not right and fair."

Lage: The milk-pricing controversy is an interesting example because people you would expect to support Governor Reagan--the dairy industry--wanted more government regulation and price controls.

Stearns: This is not unusual at all. Those people who yell the loudest for free enterprise by and large are the ones that want layers of protective bureaucratic umbrellas to shelter them from the rain. They like to holler out from under.

We had an issue that came up that probably ought to be aired a little bit, as an example of the lack of guts of some of our leaders of commerce and captains of industry. There was a court decision over in Mammoth Lakes on a high rise condominium over there that--I don't remember the exact details of it--but it was a decision that if it wasn't legislatively repaired was going to give, from an environmental point of view, a veto to almost anybody that protested any kind of a construction project.

Lage: This was the Friends of Mammoth decision on CEQA [California Environmental Quality Act].*

*The Friends of Mammoth decision determined that CEQA required environmental impact statements for private, as well as public, projects that had a significant effect on the environment.

Stearns: That's right. Ed Meese called a meeting, and he called up, I think, about five bankers and five labor people and five construction spokesmen, and Chamber of Commerce people, and they represented four of the biggest, best-funded lobbies in California. And the cabinet. And we sat around the table and talked over the effect of this Mammoth decision, and Ed said, "I have a deal to offer you guys, for the governor. If you will throw all of your resources, your lobbying resources, into support of a bill that would roll this court decision back to where it would be on the old basis--that the planning commissions will listen to protests and so forth, but the simple filing of a protest just doesn't put a stop to everything--we'll help you and we'll put it through." Time was of the essence; the legislature was about to recess. And he said, "We need to know right now."

Out of the twenty, only one person in that room, Jimmy Lee from the construction trades, stood up and said, "You betcha, we're with you all the way." The other nineteen all said, "We'll have to go back and ask our boards." I went back and told the governor that there weren't enough guts in that room to feed a hungry buzzard. So there are your captains of industry standing up and being counted. And this was the breath of life to them. And here was the governor offering them his support in advance for a proposition, but they had to carry the spears. He did not have the muscle in the Democratic-dominated legislature to put it through. Jimmy Lee was the only person in that room that stood up and said, "You betcha."

You didn't hear that story from anybody else, I bet.

Lage: No, that's interesting.

Stearns: Well, I'm famous for telling the governor how many guts it took to feed a hungry buzzard. [laughter]

Lage: Did he like that?

Stearns: He liked it. [laughter]

Personal Recollections of Reagan and Ed Meese

Lage: What kind of personal interactions would you have with the governor?

Stearns: At that time?

Lage: Yes.

Stearns: Well, I think we had cabinet meetings twice a week, and he was generally there. We had one luncheon every week with his senior staff and the cabinet. Not much on the telephone back and forth. I always saw it as a major part of my job to keep these problems away from him. The things that never became a problem to him, or he didn't have to concern himself with, I thought was me just doing my job. It's a little bit like your stomach, you know. When it's working the very best you don't even know it's there. And that's how I thought cabinet members ought to be. We went to the regular social things. I saw him while I was on the pack trip to the Minarets when he made the decision not to put the highway over the mountain, and a lot of little things like that.

I haven't seen him in Washington on a one-on-one basis at all, only in a roomful of people and that sort of thing, but I never made a practice of doing that. He knows I'm there all the time. If he needs me for something he can call me. Called me on my sixtieth birthday and congratulated me on the twenty-first anniversary of my thirty-ninth birthday and sent me a beautiful pair of cuff links. He said, "It's not original; I learned it from Jack Benny." And when June passed away last spring, he called me and talked on the phone for about ten minutes at my mother-in-law's house in Oregon. It's sort of a comfortable type of thing. I know where he is. If I ever had to really see him, I know I could see him. But it's not the kind of thing that I have ever chosen to trade on. He knows where I am if he ever needs me too.

Lage: But as far as decisions, this was all kept very much in the cabinet, within the structure of the cabinet.

Stearns: Yes, I think so.

Lage: Rather than trying to reach him personally.

Stearns: No, this business of Arnett trying to get to him on that bill that one time--this was late at night on a desperation basis--that was one of the few times I ever had known that any of the cabinet members or directors made any kind of a separate special appeal to him. I never did ask him for a private word with him that I didn't say within the hearing of all the staff and all the cabinet. I never did.

Lage: What was Meese's role as you saw it?

Stearns: Meese's role was that he had Ronald Reagan's absolute complete confidence. Then and now. He is one of the few people who will know instinctively way in advance exactly how something is going to strike the president. He can move things in such a way that if they do come to the president for decision, they come in such a fashion that they are manageable from a public relations point of view and so forth. When I first knew Ed, he was a deputy district attorney here in Alameda County. He was chairman of the Legal Advisory Committee of the County Supervisors Association at the time I was working my way up through the chairs. So Ed was one of a very few people that came to work for Ronald Reagan right off the bat that I knew ahead of time, and I had known him for about four years. He was then, and he is now, as good a personal friend as I have. His role was to make things in all ways easier for the governor and to make things work for him. They laugh at him, and they say that the most bottomless well in the whole world is Ed Meese's briefcase: once it goes in there you never see it again. They were accusing him of it then. He is capable of a tremendous work load. No one is capable of the work load that was piled on him at different times.

Lage: And he took charge of it.

Stearns: Yes. He has apparently--everybody has to have something I guess--he and Ursula are a little more religious than most people are aware. They're Lutherans, and they joined the church when they first went back to Washington and bought their home in McLean, Virginia, on the basis of the church that they chose to belong to. They don't wear it on their sleeve, and most people are not even aware of it, but they are practicing and participating Christians as well as all of the other aspects of it. And when Scott, their middle son, was killed, that would have been about a year and a half ago now, something over five hundred people came to that funeral. Ed and Ursula stood outside the church and personally shook hands with and said hello to every person who attended that service. Which was something that showed a depth of faith and things that's beyond my comprehension. I could no more have done that than anything. Maybe it's a not particularly appropriate example of the composure and the serenity and the confidence that is typical of him in all kinds of instances.

Lage: Now, you felt that he had a keen sense of what Reagan wanted. You know that I've heard the charge that Reagan doesn't make the decisions. His staff people do.

Stearns: Well, if it was anything that was in any way going to--we certainly didn't make them in a vacuum. We talked to each other about them. Another get together we had--every week one morning we'd have breakfast at the Sutter Club, and this was to deal with problems that we could anticipate coming up in the future. All of us were in communication with each other whether it was in our area or not.

No, I wouldn't say that any of us ever made a decision that was in any way contrary to anything he believed. Ed would have been the final arbiter of that, if there was a question about do you want to bother the governor with this or don't you? Sometimes he'd just make a list of things he mentioned--well, Ike had such and so and Frank had this, and I had this. And he'd go into his office on a thirty-minute briefing, and if the governor wanted more information, he'd come and get it. In the absence of anything like that, why, we'd just go ahead and do whatever it was.

Lage: Is there anything else you want to add? I've pretty well covered my thoughts.

Stearns: Well, I don't know if there's enough paper in Berkeley to--

Lage: To cover your thoughts! [laughter]

Stearns: No, I don't think so. I think that there are other sources of a lot of this stuff. I've been packaging up all my papers for University of Wyoming--they have all my public papers from 1967 to the present, but this was all the ones that, by one means or another, were saved before that. And I'm going to deliver them back to Dr. Gene M. Gressley in July.

Lage: How did you happen to pick Wyoming instead of sending those papers down to the Hoover Library?

Stearns: Nobody else ever asked me. That's the pure truth. We didn't talk about the California Ecology Corps today, but that was one of my ideas.

Lage: California Ecology Corps?

Stearns: Yes. It was patterned after the old CCC, but it was designed to take this great surplus of conscientious objectors to the Vietnam war that they could not find proper public employment for. There just weren't enough hospital jobs. We took some of these camps that we had available, and the leadership we had in the Division of Forestry and founded the California Ecology Corps. Our inmate

Stearns: numbers at that time were going down; we had more facilities than we had minimum security inmates to fill up. And it was following up that idea that Gene Gressley--he heard about it, and he came by and wanted to talk about it, and he said, "By the way, who has your public papers?" And I said, "Nobody."

Lage: And he's at Wyoming?

Stearns: He's at University of Wyoming at Laramie. So if you can't find it over at Hoover, and it's someplace that you run across that I've made a speech to the cattlemen or the logging congress or something that upset somebody, why, a copy of it will probably be at Wyoming.

Lage: Okay. Well, it's been really nice talking to you.

Stearns: Ann, this has been one of the funnest things I ever did.

Lage: I got that on the tape.

Transcriber: Anne Schofield
Final Typist: Keiko Sugimoto

TAPE GUIDE - James G. Stearns

Date of Interview: March 14, 1985

tape 1, side A	1
tape 1, side B	14
tape 2, side A	27
tape 2, side B	39
tape 3, side A	51

AFTERWORD

SECURITIES INVESTOR PROTECTION CORPORATION
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JAMES G. STEARNS
CHAIRMAN

July 16, 1985

Ms. Ann Lage
Interviewer/Editor
Regional Oral History Office
The Bancroft Library
University of California, Berkeley
Berkeley, California 94720

Dear Ann:

As I have reviewed and edited our taped conversation, I have been appalled at a gross and glaring oversight on my part which, if not explained, makes the entire interview of doubtful value. It is, of course, my failure to note the constant presence of my wife, June. She shared and advised every day of my life for over forty years -- she was the one who raised and molded our children -- she was always there to make things worthwhile for all of us.

It is a feeble defense to say that I have been more or less in a state of shock since she left us over a year ago, but to give the impression, however inadvertent, that any of my life's accomplishments were done alone is inexcusable. My family, and June most of all, have been my whole life, and the public things I've been part of only a pleasant and satisfying addition to a happy and fulfilling experience for all of us.

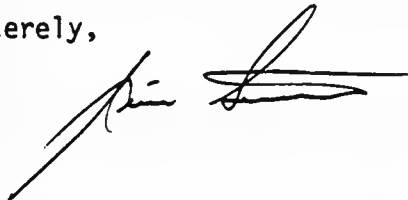
In responding to many of your questions, Ann, I seem to give the impression that many of the subjects were dealt with single-handedly by me. This, too, is a wholly wrong conclusion, for other people shared the work, whether they are credited or not. Beyond that, June and I have been more than richly endowed with friends and relatives whose patience and support sustained us through all those years, as they sustain me now.

- 2 -

There will be some challenges to some of my statements, and to the extent that others disapprove or disagree, they are welcome. Most of the sins are ones of omission, though some folks may feel that I have used them harshly. And so, as you asked, I haven't tried to soften or change my off-hand responses to your questions, but only noted clarifications and names. Let no one ever accuse me of proper English construction.

One last coment: the people elected and re-elected Ronald Reagan. They judge him every day and have now for a generation. Those of us who were fortunate enough to help him toward his dream for America were not elected. As Governor and President, he accepted the blame for our mistakes and our failures as part of his job. History should record him as an honest, courageous and wholly decent man who led a revolution of hope for the future for good people everywhere in the world. History should record the rest of us for what we are and were: carriers of spears and water whose hopes for their children's futures were furthered by being allowed to join, in some small way, Ronald Reagan's crusade.

Sincerely,

A handwritten signature in dark ink, appearing to be "Jim" followed by a stylized surname, written over a horizontal line.

JGS:ges
Enclosure

Director of California State Department of Conservation



James G. Stearns

James G. Stearns, 50, was appointed director of the California Department of Conservation by Governor Ronald Reagan on February 14, 1967.

The department includes the Divisions of Forestry, Oil and Gas, Mines and Geology, Resource Conservation, their associated boards and commissions; and the State Lands Division.

From Tulelake, Modoc County, and active in civic affairs, Stearns served as county supervisor for Modoc County from 1951 to 1967 and did not seek re-election. In 1965, he served as president of the Supervisors Association of California following terms as president of the Northern California County Supervisors Association and the Western Regional District of the National Association of Counties.

On numerous occasions he represented these organizations on legislative matters before the State Legislature and the Congress.

He was a member and vice chairman of the California Klamath River Compact Commission and has served as chairman of the California Commission for the County Tomorrow. For 10 years he was a director of the Newell Grain Growers Association; served as chairman of the

Tulelake Durum Wheat Committee; and was a founding director of the National Association of County Park and Recreation Directors.

Stearns is a member of the Modoc County Republican Central Committee.

A native of Oregon, Stearns was born on the family homestead on the Deschutes River. His great-grandfather lead a family wagon train to Oregon from Illinois in 1853 over the Applegate Trail through Northern California. His mother's family also were Oregon pioneers, also arriving in the 1850's.

Stearns attended Oregon State University, leaving to enter World War II service as a flight instructor. He holds a commercial pilot's license. In connection with his farming operations near Tulelake, he flew for a crop dusting firm. On his ranch properties at Tulelake, he grew a variety of commodities including wheat, potatoes, hay and malting barley. He also owns and operates the cattle ranch at LaPine, Oregon that his parents built, under the name Stearns Polled Herefords.

Stearns is married, wife June; has one daughter, Kathy, and two sons, Robert and Gerry.

INDEX -- James G. Stearns

- Adams, Winfred, 3
 agency system of administration, 16-19
 Agricultural Labor Relations Board, 26, 40-42
 agriculture, 42-45
 Agriculture and Services Agency, California, 21-49
 Agriculture, Department of, 43-45, 49-50
 air controller's strike, 37
 Alaska pipeline, 18-19
 appointments, to office, 2-3, 21-23, 46-48, 56
 Arnett, Ray, 50-51
- Brown, Edmund G., Jr. (Jerry), 9, 11, 38, 51, 52
 Browne, Monroe, 26
 Bruer, Wesley, 14
- cabinet, governor's (Ronald Reagan), 23, 52-54, 56, 58
 California Energy Commission, 41
 California Environmental Quality Act (CEQA), 54-55
 California State Employees Association (CSEA), 29, 35-36, 38-39
 California State Personnel Board, 36
 Chavez, Cesar, 26, 42
 chicanos. See Hispanic Americans
 Christensen, Brunel, 41-42
 civil service, 39-40. See also public employees
 Coke, Earl J., 21-24, 42, 47, 52-53, 54
 Conservation, Department of, California, 8-14. See also Forestry, Division of
 Consumer Affairs, Department of, 48
- Deaver, Michael K., 50-51
 Deukmejian, George, 45
 Dos Rios dam (proposed), 19-20
 Drohan, William, 28, 29, 31, 35, 37, 38, 46
 Dymally, Mervin, 39
- Efficiency and Cost Control Task Force, 31-32
 Egan, Terry, 16, 27
 Energy Commission, California, 51-52
 environmental quality, 54
 environmentalists, 20
- federal government, 3-5, 26, 43-44
 Fish and Game, Department of, 49, 50-51
 Ford, Ford B., 25, 28
 Forestry, Division of, California, 9, 24
 Ecology Corps, 58-59
 employee relations, 29-32, 39
- Gayman, Patricia, 47-48
 Gianelli, William R., 19-20, 32
 Gressley, Gene, 58-59
- Hill, Alan, 46
 Hispanic Americans, 42
- Interior, Department of, United States, 14-15
- Jenkins, James E., 52
 Jennings, Joan, 46

labor unions, 25-28, 40-42, 55.

See also Agricultural Labor

Relations Board; public employees

Livermore, Norman B., Jr. (Ike),

18-20, 51-53

Livingston, Donald, 51-52

local government (city and county),

1-2, 3-6

Meese, Edwin, III, 17, 22, 51, 55,
56-58

Meese, Ursula (Mrs. Edwin), 57

milk-pricing controversy, 54

minorities. See Hispanic Americans

Modoc County, 1-2, 3-6

Morton, Rogers, 14

Occupational Safety and Health Act
(OSHA), appeals board, 25-28

pesticides, 2-3, 42-45

public employees, 24, 29-40

Reagan, Ronald, as governor, 17-18, 19,
37, 39, 41, 43, 51-58

Reagan, Ronald, as president, 11, 37

Reagan, Ronald, philosophy of
government, 11-14

Reed, Thomas C., 3

Resources Agency, California, 16-20,
49-50

Round Valley, California. See
Dos Rios dam

Sacramento, California, firefighter's
strike, 33-35

Santa Barbara, California, oil spill,
14-16

Securities Investor Protection
Corporation, 12, 46

Shearin, Gerald, 25, 29, 37

Stearns, June, 1, 2

task forces. See Efficiency and Cost
Control Task Force

Taylor, Walter, 38-39

Union Oil Company, 15-16

University of Wyoming, 58-59

Walton, Frank, 52, 53

water resources, 19-20

Water Resources, Department of,
California, 30-32

Williams, Spencer M., 2

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Government History Documentation Project
Ronald Reagan Gubernatorial Era

Edwin W. Thomas, Jr.

THE GOVERNOR'S CABINET AS POLICY FORUM

An Interview Conducted by
Gabrielle Morris
in 1983



EDWIN W. THOMAS

TABLE OF CONTENTS -- Edwin W. Thomas, Jr.

INTERVIEW HISTORY	i
I INITIAL RECOLLECTIONS OF THE REAGAN ADMINISTRATION	1
Cabinet Secretary Functions	1
Cost Control Surveys	5
II EARLY COMMUNITY AND BUSINESS EXPERIENCE	8
Marin County Republican Volunteer	8
California Packing Company Accountant	11
III FIRST CONTACTS WITH THE GOVERNOR'S OFFICE	13
Earl Coke as Cabinet Secretary	13
Working with Ned Hutchinson	14
Other Cabinet Secretaries and Assistants	17
IV PROBLEMS WITH NUMBERS	22
Governor's Survey on Efficiency and Cost Control, 1967-1968	22
V OBSERVATIONS OF AGENCY SECRETARIES	27
VI CABINET SECRETARY UNIT UNDER JIM CRUMPACKER, 1969-1971	32
Administrative Tensions	32
Reorganizing the Governor's Office, 1970	36
Assistant Cabinet Secretary Functions	38
Program Development and Legislative Units in the Governor's Office	39
VII SOME ISSUES BEFORE THE CABINET, 1972-1974	43
Becoming Administrative Officer to the Cabinet	43
Environmental Goals and Guidelines	46
Local Government Task Force and Liaison	49
Cabinet Level Task Forces on Welfare and Criminal Justice	51
Concluding Thoughts on the Governor's Office	54
TAPE GUIDE	55
INDEX	56

INTERVIEW HISTORY

Ronald Reagan's style as governor has frequently been described as collegial, with a cabinet of agency secretaries operating as a board of directors to winnow material developed and presented by staff and to arrive at mutually agreeable decisions in keeping with Reagan's free-enterprise philosophy. Keeping the cabinet up to speed on all the issues on which the the governor had to act involved quantities of reports, memoranda, and other paperwork; and meetings at least twice a week. The funnel through which the discussion materials and executive schedules passed was the cabinet secretary, a little-known but increasingly significant factor in government operations.

In the following interview for the Reagan' Gubernatorial Era Project, Edwin Thomas discusses his work in maintaining the flow of decisionmaking from 1969-1974 and at the same time insuring that each agency secretary had time with the governor and on cabinet agendas as needed. An earlier view of the process is available in the project interview with Winfred Adams, cabinet secretary in 1967 and 1968.

Thomas credits his capability for this delicate task to his first experience with the Reagan administration, when he coordinated implementation of over 2,000 recommendations made by the governor's cost control task force. In this spot, Thomas became acquainted with the workings of the many state agencies coming to cabinet for decisions. And, before being named cabinet secretary himself in late 1971, he had been assistant to his predecessors, Earl Coke and James Crumpacker, and had observed some of the operation's trouble spots.

He comments briefly and without rancor that there are sometimes tensions between cabinet members, and that they were not all of the same managerial skill. "I think it stands to reason," he explains, "that the agency secretaries were not necessarily selected for their business background. They were picked perhaps for a strong free-enterprise position." He also notes that the cabinet was "at times at odds with the governor's office, because you sometimes had agencies developing or pushing or supporting legislation that is contrary to the governor's philosophy." On balance, Thomas concludes, "I think that he [Reagan] got done what really our intentions were to do. I felt that he was left with some things that could have been done but didn't get done because he didn't realize how much he was able to do... I think he got moderated down."

An accountant by training, Thomas came to the governor's office from volunteer experience in Republican campaigns in Marin County where he had come to know Paul Haerle, appointments secretary to Reagan. As cabinet

secretary, Thomas reported to executive secretary Edwin Meese; Meese's interest in organization and Thomas's talent for administration combined so well that in 1981 he went to the White House as Meese's assistant. In February 1982, Thomas returned to the Bay Area as regional director of the General Services Administration.

Lean and blond, Thomas responded easily and drily to the interviewer's questions. In several instances, he distinguished carefully between what he had experienced himself and what he was told by others. His assistant, Shirley Moore, who had also been in the governor's office and the White House, sat in on the interviews and added a few comments. She continued to be helpful to the project in locating various interviewees and providing background information. Two interviews were recorded, on 19 October and 12 December 1983. Thomas later reviewed the edited transcript of the oral history and returned it with minor revisions in November 1984.

Gabrielle Morris
Interviewer/Editor

21 May 1985
Regional Oral History Office
486 The Bancroft Library
University of California at Berkeley

I INITIAL RECOLLECTIONS OF THE REAGAN ADMINISTRATION

[Date of Interview: October 19, 1983]##

Cabinet Secretary Functions

[Preliminary discussion of the project]

Thomas: There was one question on your outline I didn't recall; you asked about something called Finish Strong--I don't remember anything about that at all.

Morris: That was a phrase Peter Hannaford used to describe an effort to maintain the governor's momentum by coming up with some new and positive ideas in the last years of his term.

Thomas: Doesn't ring a bell.

Morris: Mr. Hannaford was just on the governor's staff the last year, 1973-1974. It may have made a stronger impression on him and been part of his responsibilities.

Thomas: I do remember that when we originally went into the governor's office, Governor [Edmund G., Sr.] Brown handed out the keys to some empty file cabinets, and all the records were gone. There was nothing left. You almost had to start from zero. What I took that to mean was that we were going to do just the opposite when we left the governor's office. We were giving a clear trail to the responsibilities and the functions of the office and each individual. I recall that in the cabinet, I specifically laid out what we were to do, what we did do, what the decision was, what the cabinet process was. And we left it intact.

##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 55.

Thomas: Now, I don't think the [Edmund G., Jr.] Brown people even bothered to use it, to be frank with you. I think they were suspicious, as political types are, and thought that perhaps we were laying land mines for them, when really the exact opposite--what we were trying to do was not do what was done to us, which was to totally leave us a void and we had to start from ground zero. That's what I took it to mean. Did anybody else take it any differently?

Morris: I've heard both versions. I think Finish Strong was not a formal program. My understanding was that it emanated from Ed Meese and you folks in the governor's office; that you wanted '73-'74 not to be this tail end of an administration, since the governor was not going to run for re-election.

Moore:* Lame duck.

Thomas: Yes, that may be. I guess I just don't remember it.

Moore: That was more in popular sayings around that time. I never heard it either.

Thomas: I think that maybe a PR person may have coined it after the fact. I never heard it.

Morris: That's possible. That's possible. There was also a series of programs and policy papers that you were in charge of that started, I guess, about November 1973. The notes on those that I found in the papers at Hoover looked like a fairly extensive project.

Thomas: I don't remember. What were they?

Morris: They were on every subject under the sun. One of the memos said that the governor had many requests for speeches and we would like to get from various people in the departments some material for speeches. Each department was assigned subjects and they were to come up with strong policy ideas backed with usable quotes.

Thomas: You're sure this had nothing to do with campaigns or the proposed building of a structure for a presidential campaign? You're sure it had to do directly with the management of the state government?

Morris: You propose a useful hypothesis. What survived in the record, is that this is November 1973 and the topics were such that you couldn't conceive of them as being very useful.

*Shirley Moore, Mr. Thomas's assistant and also a member of the Reagan governor's office, sat in on the interview.

Moore: Could you have given this to one of the men that worked for you to do?

Thomas: I haven't the slightest idea what this is. I am not identified in it?

Morris: I'll send you some more notes on it.

Thomas: But it came out of cabinet minutes?

Morris: It came out of a cabinet memo, and Ed Thomas was in charge of following through to see that these papers got written.* There were a couple--I didn't go through all of them--

Thomas: I think it's just totally forgotten.

Morris: Well, then it did not strike you as the most important thing that you were doing.

Thomas: No, I didn't feel that that was one of the most important things that the cabinet did. I felt that the most important thing that the cabinet office did was to get the flow of information moving and the decisions being made. That's what I felt my function was. Prior to my becoming cabinet secretary, the cabinet officials were all fighting amongst themselves. This was not apparent to me until I actually came into the position. I felt that as a cabinet secretary it was my function to make sure that everybody had the time they needed to express their concerns and bring their issues before the governor, and that the flow of information back and forth was paramount.

This could have been nothing more than they used the cabinet system for a vehicle and as a follow-up. I think we were very good, the term that I was in, at follow-up and making sure that what was decided was implemented. And, of course, that's what I thought the position was all about.

*In a November 23, 1973 memo to the cabinet, executive assistant Edwin Meese noted that the governor gets many speaking requests and that agency secretaries would be receiving requests from Ed Thomas for papers "to maintain an updated reservoir of material for these speeches." On December 7, 1973, Mr. Thomas sent out worksheets to each department, assigning topics and giving the emphasis desired. Each paper was to have bibliography, data section, discussion, and appropriate quotations. A few days later, Resources secretary Norman Livermore objected that his agency had been asked to produce twenty-three such papers. Asked if this rang a bell, Mr. Thomas responded that Jerry Martin had the responsibility for keeping speech material up to date.

Morris: When you say that when you got there the cabinet officials were fighting with each other, you mean the people in the governor's office with the people who were heads of the different agencies?

Thomas: No, as I understand it--and I discerned this later--I think that certain cabinet officials were not given the time before cabinet, or their issues brought before cabinet, in an unbiased manner. I divorced myself from the small p politics of that agency--I thought I was a vehicle, the funnel to the president--to the governor. (I'm sorry. I worked in the White House too long. I used to call him governor all the time when I was there.)

I felt that it was paramount that they, because they were picked as the agency secretary, had a responsibility to get their concerns and their agencies' and departments' before the governor. And that's what I thought my job was, to make sure it got there unbiased; that they got the time that they needed and that sufficient time was allotted to them, so that they could express those. I would think that the cabinet members would probably agree that the way I administrated that office provided that. I think. Maybe I'm wrong. You tend to forget.

I tried not to in any way fight with any of them. I tried to allow them the access to the governor. That's what I thought the office was for. It's a vehicle so that information could be disseminated down at the same time it could be disseminated up. That's the primary objective of what I did, I thought.

Morris: It sounds as if there would have been a fair amount of lobbying of you as the cabinet secretary as, "I really need some time with him, and I need to be first on the stand."

Thomas: Really not so, because I didn't let it come to that. I always went around to my cabinet agencies and said, "We have this time allotted. What issues do you have that need to be brought? Are they of an essence that they have to be brought this week, or can they go to next week?" I allowed everybody to bring what issues they felt were urgent at that time and asked them to delay an issue that they felt wasn't urgent in order to give somebody else the opportunity. Frankly, it worked out beautifully, I thought. The cabinet secretaries got to the point where everybody got what they wanted and got their time in court.

But we had two hours and that was it. We cut off the discussion after that two hours so we didn't burden the governor with staff holding forth. In other words, they couldn't go on and on and on and on. I felt that it wasn't an effective use of my time or the agency's time or the governor's time. That's basically how it worked. I don't think I had any trouble with any of them either.

Thomas: I think there was trouble before that, though. People got into issues, and the cabinet secretary tried to make the determination of what was important and what wasn't. I didn't do that. I let the agency secretaries do that. And that was the difference.

Morris: You said that you would go to them--

Thomas: I meant I'd call them up on the phone and say-- We would have cabinet two days a week, or three days. I can't remember now. I think it was either two or three days a week.

Moore: It was usually two.

Thomas: And it was like from 1:30 to 3:30; I think those were the times. I can't remember. They were to send in their issues, cabinet memos, to us no later than the day before so we could have them available to go on the agenda because we had to print it up and distribute it to everybody. So nobody could bring something up that nobody else knew about or was unprepared for. There were occasions when we had emergency issues. When that happened we had the additional copies ready to be transmitted to anybody.

Nobody could sandbag another. In other words, if there was an issue that crossed two agencies, one guy couldn't come in at the last minute and shove it before the governor. Everyone had to go through our process. If they were to bring up an issue at that meeting that wasn't on the agenda, they had to give it to me, or I wouldn't let them bring it in. So they couldn't walk in there and say, "Oh, by the way, Governor, I had something I wanted to show you," and stick it in front of his nose. This way it wasn't fair to the other agencies. Everybody respected that. I had little problem with that.

Cost Control Surveys

Morris: Could we back up and talk a little bit about what you did before you got into the governor's office. I hear you were at GSA in Sacramento?

Thomas: No, no, no, no, no. What I did is I took an appointment which was in the Department of General Services. I can't think of the name of it.

Moore: Office of Local Assistance.

Thomas: That's right. It was just kind of a nothing office. I to this day don't know what that office does. [laughter] In any event, when I got there I was there like one week, General [Andrew R.] Lolli was the director of General Services at that time.

Morris: He had come from the military?

Thomas: Right. General Lolli was a general.

Morris: He had resigned his commission to join the administration?

Thomas: I think he was retired. I think he was retired. But that's easy to flush out. If you need me to do it I will. I just can't remember now. He asked me to go on a task force of identifying warehousing in the state of California. I said, "Super." So I was TAD [temporary assigned duty] immediately, went to the Office of Purchasing, and we undertook a survey of all the supplies and warehousing in the State of California.

Morris: Government?

Thomas: Yes. State. So what we did is make surveys of them all to find out if there were duplicate storage facilities. In other words, if the Department of Transportation had a warehouse, were they storing the same things that the Department of Fish and Game, or the Wildlife, or--? We found that there were, I think it was 1,732 storage facilities. The reason I remember--it was half pi. It was the same as 1.732. The warehousing facilities were something that did cross. As a result of that survey the governor issued an executive order for the consolidation of warehousing in the State of California. And we turned it over to the General Services department of purchasing to pull that together. They did and issued a report. I can't remember now what the basis for it was--what they finally reduced it down to.

At that point, Ned Hutchinson, whom you have probably heard about, was the deputy director of General Services, heard about my work and asked me to join him in implementing the Governor's Survey on Efficiency and Cost Control.

Morris: Which he was doing as deputy director?

Thomas: No. He left the deputy director's spot and went on the governor's staff as a special assistant and was responsible at that point to implement the recommendations.* At that point, he reported directly

*See interview in this series with Warren King on the origins and organization of this task force.

Thomas: to Bill Clark, who was the executive secretary at that time. Ed Meese hadn't become executive secretary then. We reported to cabinet once a week on the implementation of the governor's survey.

II EARLY COMMUNITY AND BUSINESS EXPERIENCE

Marin County Republican Volunteer

Morris: Had you worked on his 1966 campaign? Had you been involved in politics at all?

Thomas: Only as a volunteer. I was never paid. I was never a paid political worker in my life.

I got into politics because my wife and I felt that it was time for us to take a look at what was going on to be part of it. We started out the first time when we got out of college. We worked for Bill Bagley, whom you may have come across in your wanderings. Bill was running for the assembly at that time from Marin County. Bill and I have been friends ever since, except for times we have been fighting each other when we're on opposite sides. But Bill and I remained good friends all along.

Anyway, we worked on his campaign when he ran for the assembly and Jack McCarthy, who was the senator--(I don't know if these names mean anything to you. He's dead.) Senator McCarthy actually took Bill under his wing. And Bill ran and won. Then the next time we worked for Fred du Puis who ran for Congress--this is all in Marin County.

And through that process, stamping envelopes, working on precincts, getting the vote out, and that type of thing, I ended up by, I guess, coming to the attention of Paul Haerle, who was the first appointment secretary to Ronald Reagan. No, he wasn't. He was the second. Tom Reed was the first. I forgot that. I didn't know Tom Reed like I knew Paul Haerle. Paul Haerle and I became friends. When he went up to Sacramento he asked me if I'd like to go up to Sacramento and I said, "Yes, why not."

Morris: Paul Haerle had been on the Republican State Central Committee.

Thomas: Paul was Reagan chairman. We were all on the state central committee at some point. That's nothing. A politician, I think, could appoint seven in those days. So I was on it in 1967. He was on it. Everybody was on it. I tell you one thing. We were both on the Marin County Republican central committee, which was an elected job. I was appointed to that.

Morris: You said it was elected. Now you said you were appointed.

Thomas: I was appointed. Then you have to stand for election. But it's a non-paying, volunteer-- Are you familiar with the--?

Morris: Right, right.

Thomas: Then I don't have to explain to you what it is.

Morris: But you didn't know Tom Reed. He hadn't yet settled in San Rafael?

Thomas: No. Let me think this out. It goes back a lot of years. I know Tom now. At that point, no. If I remember the history on Reed, I think Reed worked for Goldwater. When Ronald Reagan decided to run, I think that Reed came to northern California and was the northern California chairman for Ronald Reagan. Now, I didn't know him then. He was living in Ross, but I didn't know him. Then Paul became the county chairman for Ronald Reagan and worked with Reed. And Paul knew me. I think that's the way I got to know Reed. But to this day I'm not a good friend of Tom Reed's. Paul Haerle and I are very close friends and have been ever since our early days in--

Morris: Did you go to school together?

Thomas: No. No, I met Paul working on the county central committee when I was appointed-- Did you ever hear of a guy by the name of Bruce Bales? He was district attorney in Marin County. Bruce Bales resigned and the chairman appointed me to his unfilled spot on the county central committee. Now, Paul sat on that committee, and Paul and I became friends. Actually, we lived, like, two miles from each other. It was just a natural kind of thing where we just got to know each other.

Moore: Yes, and going back and forth to meetings and--

Thomas: We all belonged to the same clubs. He didn't belong to the Young Republicans. He belonged to the Marin Republican Council. I was asked to join the Marin Republican Council, and Paul was sitting on that. And we were both sitting on the Marin County Republican Central Committee. He was on Don Clausen's first congressional committee. And I was on Don Clausen's first congressional committee. So we were thrown together on many, many instances.

Morris: And that would put you in touch with Norman and Putnam Livermore.

Thomas: Right. Yes. That's right. Ike [Norman] was on the Marin Republican Council board of directors when I went on. I think he's on the central committee too, if I remember. No, maybe not.

Morris: Which Livermore?

Thomas: Ike. It was Ike I knew. I knew Put later. But it was Ike I knew in the very early days.

Moore: Right. Yes, because, he, I think, worked on Clausen's campaign.

Thomas: That's right. See, there's another link.

Morris: So that really means that you would be comfortable working with all those people--

Thomas: Ike was a fine person. I don't know if you know him. But I just think he was one of the finest people I ever knew and still enjoy him very much.

Moore: And Put Livermore. I liked him.

Thomas: Well, I don't know Put like I know Ike. Of course, I knew Ike's mother. I forgot about that. Mrs. Norman B. Because she was a heavy contributor to the Republican party in Marin County. In fact, I knew his mother before I knew him.

Morris: She was involved in the Marin Conservation League and things like that?

Thomas: Right. Yes. Very fine woman. Caroline Livermore. She's dead now. Lovely person.

Morris: So that, coming from Marin County, you have those kinds of--

Thomas: Contacts with the same people.

Morris: --and interest in how the community works.

Thomas: Yes. Marin was small then.

Morris: Just beginning to--

Thomas: I think it was about 150,000. Now it must be about 300,000. Everybody kind of talked about Marin as being a city rather than a whole county, so to speak.

California Packing Company Accountant

Morris: What kind of work had you been doing before you--?

Thomas: I graduated from San Jose State, which is now San Jose State University, and went to work for a company called California Packing Corporation, which is later called Del Monte Corporation, which I guess now is part of R.J. Reynolds. It was one of these companies that was just old-line, wonderful, wonderful people. And they just allowed me any latitude that I wanted in working in Republican politics. And they let the Democrats do the same thing. I always thought it was the Republicans, but it wasn't. They let anybody who wanted to, do community-type work. They gave them no types of bars at all. That may all be different now. I don't know. But then it was like a family-owned corporation. They were very community-involved. It was not a pressure organization at all. It was just a marvelous company.

Morris: Was it a company policy?

Thomas: I think they encouraged community involvement. I always accused them--because I became friends with them--of playing both sides of the street.

Moore: Yes, if you're going to let people work for one party, you have to let them work for the other, too.

Thomas: That's right. They couldn't do otherwise.

Morris: Just politics, or also encouraged people to be in the community chest and the hospital fund and--?

Thomas: Yes, right. All those types of things. At that time now--remember this is twenty years ago--at that time they were very community spirited and were very, very helpful to any type of community involvement.

I was not the charitable type. I was more interested in Republican politics. I don't know why. I guess I got very interested in it. But I know that, from my bosses who were there, who I'm still in contact with today, they were very involved in community affairs. They were not involved in politics. But they were involved in community affairs.

Morris: This is an unprofessional aside, but I have a view that political volunteering is a special kind of community service.

Thomas: It could be. It could be. I don't know.

They encouraged young people to get involved in the community, whether it was through politics or whether it was charitable, or whether it was educational. They had a very lenient policy on education. They encouraged anybody to go back and get more education or work for the community or work with-- I remember that my immediate superior used to go down and work in the soup kitchen.

Morris: Really? In the '50s and '60s?

Thomas: Yes. John Weisner, he's still alive today, he must be a hundred, but I know he's still alive today. He retired, I suppose, a number of years ago. Because of the early bosses I had--I've still kept in contact with them, and we still go to lunch--I became active in politics.

Morris: They're right around the corner, aren't they, now?

Thomas: Right, they're right down here [1 Market Plaza, S.F.]. We were in 215 Fremont Street when I worked for them, which is now owned by the federal government, and which GSA [General Services Administration] administers. But that was my old building.

Morris: Were you in the food processing end?

Thomas: No, I was in the accounting end.

III FIRST CONTACTS WITH THE GOVERNOR'S OFFICE

Earl Coke as Cabinet Secretary

Morris: I looked up the Office of Local Assistance in one of the Blue Books.* And it says that its job is to supervise the financial aid for public works including schools construction.

Thomas: Yes, that's what the mission was. I never worked in it the whole time I was up there. I was immediately put on special projects. Never knew what the thing even did. Paul Hoyenga was the fellow in charge of that operation.

Morris: He's a career civil servant?

Thomas: Yes. A very nice person, too. He's probably still alive and around.

I got temporarily assigned to duty with the governor's office and never got back into General Services.

Morris: I see. And the warehouse--?

Thomas: From the warehouses I went to the task force. From the task force-- When Ned became appointment secretary, they organizationally put the task force under the cabinet. And Earl Coke became cabinet secretary. That's how I got in the cabinet.

I tell you what was great for me. I probably had a better background on cabinet than anybody else they ever had, because I worked with all the departments. I knew where they were, knew the

*State handbook published every few years from 1932 to 1975.

- Thomas: agency, knew the structure, knew the people, because the task force worked with all of them. So when I walked into the office of cabinet secretary, I knew more than any other cabinet secretary that had ever been there because I knew what was going on because I had worked in this other area. It was actually almost a natural, although I don't think they thought of it that way. I think I just happened to get it. I had a better feel for and knew where everything was, where I think other people, like Jim Crumpacker-- he came out of another area; became cabinet secretary--he never had the background that I had, having worked in a department. Earl Coke, the same thing. He came up there as, it was Agriculture and Services Agency.
- Moore: He was the head of that agency and then for a while it was dual; he was also cabinet secretary.
- Thomas: He had problems with that. Earl was almost an advocate for his agency, which caused a problem.
- Morris: I would think it would be a problem of structure as much as anything else.
- Thomas: He was running an agency at the same time he was running the cabinet. He was almost mandating what would go on the cabinet's agenda to the detriment of the other agencies.
- Morris: From an A & S point of view.
- Thomas: Yes. I became aware of that because-- I was assigned to cabinet. I met with him on staffing. But he didn't know anything about the task force. I was the only one that knew anything about the task force except Ned. And Ned had gone into the area of appointments.

Working with Ned Hutchinson

- Morris: Could you tell me a little bit about Ned Hutchinson?
- Thomas: Yes, he was a great guy. What would you like to know? He had an insurance and real estate background. I know he had a real estate background. Politically, he had worked for Goldwater, worked for Reagan. Well, you give me some of the questions.
- Morris: I spent a couple of days going through the reports to the task force. He had an elaborate system; charts and percentages and how many--he had all the recommendations broken down by department and how many had been implemented. That's a pretty elaborate kind of a follow-up reporting system. Did he devise that?

Thomas: No. I devised it for him with his overall supervision. He suggested, "Let's find out a way to do this." And I said, "Okay, let's categorize them. We can show graphically what is happening." I think it was the accounting background that he used. But he gave his ideas of what he wanted to do and I tried to project it. Basically we came up with this reporting system so that we could keep track of what was being done and what wasn't being done.

Morris: Had he also been involved with the task force's work itself?

Thomas: Well, now I've got a little problem. I'll tell you why. I came up at the time that the task force had finished their business. Now, I got very friendly with Kenneth Pryor before he died because I had to deal with him. He really was the guy that pulled it together and got the people and devised the system. I'm a little bit hazy here because I can't be accurate. But, Rus Walton-- Does that name mean anything to you?

Morris: Yes.

Thomas: Rus Walton and Ned Hutchinson were very close friends. In fact, they're the guys that devised the volunteer organization called UROC. Did you ever hear of UROC?

Morris: Yes. I talked to Rus last spring.* He talked about UROC. But we didn't get around to Ned Hutchinson.

Thomas: Rus and Ned and I think there was another person in it. His name was Stan Harper. Has that name ever come up?

Morris: He was up on the staff list in Rus Walton's program unit.

Thomas: Right. Well, Stan, Rus, and Ned were the founders of UROC. I didn't know Stan then.

##

Thomas: I tell you who could probably tell you the story better is Jim Crumpacker. Have you talked to him?

Morris: No, I was hoping to get his address from you.**

*See interview with Rus Walton in this series.

**Mr. Crumpacker later declined to be interviewed for the project.

Thomas: Sure. He's up in Sacramento. But, as I understand the story, the California Republican Assembly had basically been taken over by the moderates. And as a result of that they sat down and tried to figure out a new organization that they could put together. And they came up with UROC, United Republicans of California. And they basically set it up. Now, that's the story I heard. I don't have any reason to believe that it wasn't true.

Ned was very prominently involved in that. You ought to talk to his wife, Kirsten; she still lives in Sacramento, she's in real estate. She's political and was right there with him during the whole time. I think she would be very interested in giving early background on Ned and his involvement.

I met Ned when I started working for him up in Sacramento. But I subsequently learned a lot about his past because we became very good friends.

Morris: Was he an easy person to work with?

Thomas: Yes, a delightful person. Just an outstanding individual. He was a great person. I liked him tremendously.

Morris: Real estate and insurance you don't think of as--

Thomas: I think I made a mistake. I don't think it was insurance. I think it was just real estate.

Morris: Did he have a head for business? Or was it more--?

Thomas: Oh yes, very much so. Very, very, very, very private-sector oriented. Amazing fellow, because he went to school with everybody that ever became anybody. Crazy. You would be talking to Ned and he would say, "Oh, yes--" Who was the astronaut, Chapen? and he would say, "Oh, yes. I went to school with him." And he really went to school with him.

Morris: He had traveled around the country a lot growing up?

Thomas: I think that he went to Stanford. And there must have been a lot of people that went to Stanford who he knew that became very prominent at that time. I've forgotten the people. He was a good friend of Pete [Paul N., Jr.] McCloskey, the congressman. It was just ironic.

Morris: When he and Walton were founding UROC they hired Michael Deaver, who was playing piano somewhere in San Jose. Is that a tale that you've heard?

Thomas: No, I heard one a little bit different than that. The story I heard was that they hired Deaver on the central committee for Santa Clara. I heard it was Vernon Cristina. Have you ever heard that name?

Morris: Yes. He's San Jose.

Thomas: Yes. [The story goes] that Vern Cristina hired Mike Deaver as the central committee's hired hand for Santa Clara County. Right, Mike used to play the piano and still does.

Other Cabinet Secretaries and Assistants

Morris: Mike Deaver was already there in the governor's office when you got on the task force?

Thomas: Yes. I think this is the way it went. This isn't good history because it may not be correct. I believe that Mike was the hired or paid rep for Santa Barbara County, and that when Bill Clark became the southern campaign chairman, as Tom Reed was northern, they hired Mike on board to work for Ronald Reagan's campaign. When Bill Clark went to Sacramento, he became the cabinet secretary. He hired Mike as his assistant cabinet secretary. When Bill Clark took over the executive secretary--when Battaglia left--he brought Mike as his assistant, the assistant executive secretary, which opened up the cabinet secretary for--it must have been Win Adams.

Morris: Yes.

Thomas: I don't know who Win Adams's assistant was, if he had one.

Moorè: He had a crew of people who did detail work for him.

Thomas: Yes, that could be. I came to Sacramento in June (1967). Battaglia left in July. I missed that original shuffle that took place in the governor's office.

Morris: Was there still a sense of unease? I gather that Battaglia's departure was a result of some concern and caused some major rethinking.

Thomas: With whom?

Morris: In the people who were left operating the governor's office.

Thomas: I can't answer that because I don't know. I was in General Services. I read about Battaglia in the newspaper. I never knew the story until it came out in the Drew Pearson article. At that point I began to ask questions of Paul because Paul and I were good friends. I was trying to find out what the hell; what was this all about? I never knew. But there was a lapse. When did the Drew Pearson article come out? It must have come out in September?

Morris: Probably. [October 31, 1967]

Thomas: I didn't even remember. I just remember that I didn't know a damn thing about it and it was all news to me.

Morris: And Paul Haerle was not forthcoming? He didn't have--?

Thomas: He wouldn't have told me in advance, no. As far as I was concerned, I didn't know a thing about it.

Morris: And people didn't talk about it after it had happened?

Thomas: People talked about it after it happened. But I can't remember what was said. Everybody's mouth just kind of dropped open. At least in the circles that I was in, I never heard any advance or knew anything about it, at all. And I can't remember what I heard afterwards now. It was so long ago, although I guess they have run a couple of stories in the newspapers on that event.

Morris: Lou Cannon and I think Bill Boyarski have referred to it.

Thomas: Right. They did some articles in the Washington Post, which I saw.

That thing I never knew anything about. If I knew anything, I can't remember what it was. I missed that shuffling, so when I went into the governor's office, which was--

Morris: That would be June of '67?

Thomas: No. Okay, let me explain something to you. We went into the governor's office, Ned Hutchinson and I, organizationally, but not physically. We were in what they called the Blue Anchor Building. Did you ever hear of the Blue Anchor Building?

Morris: No.

Thomas: All right. It's on the corner across from the capitol, next to the state garage. They called that the Blue Anchor Building. We set up our offices in there.

Morris: The task force implementation?

- Thomas: Yes, right. We went across the street to report to the governor. But we were not physically located in the governor's office complex. I didn't get over there until I was transferred over there when I became assistant cabinet secretary under Earl Coke. I can't tell you the date.* I don't know.
- Morris: So you were Coke's assistant first?
- Thomas: Well, no. I was assistant cabinet secretary. I wasn't his assistant.
- Morris: Okay. I have on the staff rosters; I find you listed as assistant cabinet secretary in July of 1970. Does that sound right?
- Thomas: Yes, that would be about right. But, I wasn't Earl Coke's assistant. I was just assistant cabinet secretary.
- Morris: But he was cabinet secretary at that point?
- Thomas: He had an administrator. Donna Townsend was his assistant.
- Morris: That sounds like an odd relationship. How did that work? You were assistant cabinet secretary. He was the cabinet secretary. But you didn't--?
- Thomas: But they only gave me the title. I was still doing task force work, implementation work. When Earl Coke left there was a lapse of time, I don't even know how long it was, where there was no cabinet secretary.** Then they appointed Jim Crumpacker. Then Jim Crumpacker moved me into-- I'll tell you who was assistant cabinet secretary at that time. It was Tom McMurray, who is now dead.*** He died about a year and half ago.
- Morris: He had also worked on campaigns and then done some special projects.

*Mr. Thomas first appears on the governor's office staff roster in October 1969, as assistant to the cabinet secretary.

**Earl Coke is listed on a summary roster of the Reagan administration as cabinet secretary from February 17 to November 25, 1969, on which date Jim Crumpacker is listed as cabinet secretary.

***McMurray is listed as assistant cabinet secretary from November 1968 to February 1970, when he became a special assistant to the governor until June 1970.

Thomas: Tom was a wierd one. He came out of the blue. He wasn't a Californian. Win Adams ran into him in Miami at the national convention and invited him back to California. He was from Illinois.

Morris: He worked on the 1968 campaign?

Thomas: Whatever you find out will be what probably happened. Wait a minute. I know what he did. He went down to Miami and he wanted to work as a volunteer for Ronald Reagan. He talked to Win Adams. And Win Adams says fine. He did a bunch of xeroxing for Win.

And Tom asked, "Is there anything in California?" And Win said, "I don't know. Come out and see me." And Tom went out there to see him. And Win hired him as his assistant.

Now, when Earl Coke took over from Win he inherited Tom. Tom stayed. Remember that I said Donna Townsend was Earl Coke's assistant as agency secretary. That's where I'm getting it confused. So you have assistant cabinet secretary. What do you get as a title for that?

Morris: Assistant cabinet secretary, in 1970. Then in 1971 you're listed as deputy cabinet assistant and Jim Crumpacker then is the cabinet secretary.

Thomas: I can't remember.

Morris: There's confusion just in the staff list.

Thomas: I took Tom McMurray's spot when Jim Crumpacker came in, which made me assistant cabinet secretary. I must have been cabinet assistant or something like that. I did not have the office or the title of assistant cabinet secretary because I was still working on the task force.

Morris: And you're not on the staff list. And they come out about every four to six months.

Thomas: That would be the reason. Then Tom goes over to work for Earl Brian in Health and Welfare.* I come in and take his spot. And I stay with Crumpacker until Crumpacker leaves. Then I become cabinet secretary. They changed it into the administrative office of the cabinet. But nobody ever referred to anybody by that title; it was always cabinet secretary.

Morris: Did Jim Crumpacker leave to go back to--?

*McMurray earlier was a deputy to James Hall, Brian's predecessor as Secretary.

Thomas: Start his own business. In Sacramento. He's still there. Media Pacific. I can give you the telephone number if you want. I talk to Jim off and on.

Morris: Well, when next time you talk to him tell him we're on his trail.

Thomas: [Goes to get phone number]

Morris: So it sounds like Tom emerged first into political life--?

Thomas: No, I would say that's wrong. He was really one of these people that loves to deal with organizational charts. He considered himself an operations-type individual. I didn't see much politics on his end. But he may have been. I didn't know Tom real well. I didn't see much of him. But I always saw the organization part of him.

IV PROBLEMS WITH NUMBERS

Governor's Survey on Efficiency and Cost Control, 1967-1968

Morris: Tell me a little more about the task force. How long did the implementation run? The report came out in 1968. The implementation is going on--

Thomas: It's going on for a number of years.

Morris: --through the full first term?

Thomas: Not quite. We turned it over to the agency secretaries to implement all the task force recommendations that had not been implemented. There were many that took many years. There were a lot of things wrong with that task force.

I talked to Pryor about the difficulties. One of them is that most of the businessmen they took up there were not well-versed in funding and therefore in budget process. And therefore they got into a hassle in the sense that they got into a bunch of semantics. I always told Ed [Meese] that if they ever want to do another task force what they ought to do is, when they send this task force in, is to get in and understand the bureaucratic language because what you ran into is--they talked about abolishing positions. They ended up abolishing positions that were unfunded. That didn't do anything. That just removed them from the budget. So they tried to put a dollar figure on positions that they had abolished. Well, the positions weren't funded in the first place. All you've really done is remove it from the budget process. So you've really accomplished no dollar savings.

These were some of the difficulties they ran into. It became very apparent to me that when the task force group went up there, when they would go into a department and talk to them and they would ask a bureaucrat or somebody there, "Now, can we abolish

Thomas: these positions?" the guy would say yes. Well, "how much money would that save?" They would say, "If they were funded they would cost seven million dollars." If they weren't funded, you wouldn't save any money.

Moore: You're saving money that isn't there.

Thomas: That's right. The savings somewhat came under the projections. In some cases where it's hard to put a dollar figure, we went in there and tried to put a dollar figure on them. And we tried to identify those funded positions that actually were in the budget. This became very difficult to do.

Morris: This is later on when you're actually working with the budget process?

Thomas: No, this is when we were working in the implementation of the recommendations.

Morris: You would go back into the data--?

Thomas: Yes. Now, one of the problems we had is Kenneth Pryor had costed out the whole damn thing. He was an accountant and it was a good job. I had to go all the way back through it. I presume the Hoover Institution has the working papers because I took them over to Molly [Sturges Tuthill]. They are very fascinating. If you will go back in, you can determine what exactly was the genesis of those dollar savings. Sometimes we had some problems with that.

Morris: Was there some thought at some point that some of the departmental people who had been there a long time may have used hypothetical numbers?

Thomas: I think there's always that question. There's always that problem. I think generally the task force was probably very successful, probably saved-- For instance, if you're doing something and you cut it out of the budget, then you multiply that by ten years, you come up with a figure. I think the problem you come up with is how valid is that figure. If you've knocked it out, you didn't spend it the other nine years? So really how can you say?

You have to remember that we were very careful how we used the terminology when we talked about the budget savings. That's why you will find that Ned and I were very careful, because these things became very apparent to us. This task force recommendation resulted in ongoing savings of seven or eight, ten, twenty million dollars.

Morris: That's projected out?

Thomas: That's projected out. If you cut it out one year, it is ongoing savings; you haven't allowed for it in the years following that. But it may be hard to understand, if you know what I mean.

So those were some of the problems we had. To try to identify those and keep the governor out of trouble from somebody nailing him on those types of figures, we probably erred on the side of being conservative.

Morris: Is that a budget problem in general? The projections don't stay put?

Thomas: That's right. It's very difficult. But I would say that we probably erred on the conservative side. We probably saved more than we said we did, because we were nervous about getting the governor in trouble. We would not use Pryor's figure projected for ten years of non-budgeted items as a savings. We would only use it for that year. I'm sure it was political, inspired by us. We were afraid that if we did-- In the final analysis, we probably saved many more millions of dollars than what actually we ever claimed.

Welfare Reform Task Force, 1970

Morris: Did the problems that you and Ned saw with the original task force have a bearing on what happened starting in 1970 with the welfare reform task force, which was a much smaller group of experienced staff people, rather than volunteer businessmen?

Thomas: That was Ned. That's wasn't me. He had been asked by the governor to head this task force.* I was in cabinet at the time. I cannot address that because I don't know.

Morris: In other words, when this new situation came up--?

Thomas: He was much more careful, yes. He was more alert to avoiding the pitfalls that we ran into, that Pryor's task force ran into, because we were concerned and we recommended-- They were much better outfitted to do that task force than I think the Pryor group was, because Ned understood the pitfalls that we had found.

*See interviews with Robert Carleson and Ronald Zumbrun in this series for discussion of the 1970 welfare reform task force.

Thomas: I got Pryor to admit it, too. I asked him at one time whether he felt he ran into difficulties on this, and he said, "Yes, if I had the foresight and in the future, I would do an indoctrination of terms and give a budget background to any private-sector group that went in to make any analysis; because we think we got clobbered in some sense, that some of the stuff couldn't be identified." They didn't understand the terms. They didn't understand what they were talking about.

Morris: Were there some people on that first task force who were good at it?

Thomas: I never worked with the task force. So I don't know. I think that the overall, general analysis that was made was good. I think there were a lot of savings that were derived but never identified. Or that we wouldn't put our stamp on that we achieved because of being overly cautious. I think that that task force probably did a great deal of good.

Morris: Did you and Ned divide up the work? How did the two of you work together?

Thomas: We did it two ways. Ned was the front man and I was the detail man. I took care of all the accounting end and the reporting. Ned would handle, basically, the meetings and I was backup staff to him.

Morris: Cabinet meetings?

Thomas: No, we had many meetings with many of the departments. We would meet with an agency, the departments. We would meet on a regular basis with those that were designated within the departments to bring about the implementation of the recommendations. We scheduled every department and each agency. We did it in and out. We were constantly meeting with them and bouncing back their replies. You had to report on every recommendation until it was implemented. It was just mountains of paper. Did you get all that? Do you have all that? I mean does Molly handle all that? I'm sure that if she got all those-- I was trying to figure out what we did with them. I can't remember.

Moore: There are copies in the governor's office reports. There's a whole stack of things on the task force.

Thomas: There was a monthly report that had to be--

Morris: Those were what we read.

Thomas: And then we brought that to the governor. Just tons of stuff. From those we would make our graphs and report to the governor.

Morris: How did the governor and the cabinet officers-- Was this like a United Way fundraising drive report?

Thomas: I think we probably got in their way. To be perfectly frank with you, I would imagine that they were happy when we were lauding them for what they were achieving and what they were doing and probably causing them difficulties because they would rather get on to their other things when we kept pestering them. Remember, we would do this in front of the agency secretaries at cabinet meetings. It would become very evident who was achieving what. It began to be kind of a contest. It wasn't really.

Morris: It wasn't really?

Thomas: And then what you got yourself into, too, is kind of interesting. You got yourself into kind of a [chuckles] war of words. I remember how we used to laugh because they would write a statement that would lead you to believe that the recommendation had been implemented. But if you took a lawyer's scrutiny of it, it would say that it hadn't been. So it got to be kind of a contest of words.

One of them was--to this day I can't remember totally what it said, but it was one of the funniest things I've ever had. We used to take some of these up and put them up on the bulletin board.

Morris: In the cabinet?

Thomas: No, in our office, to laugh at what they had said. They said everything except, "We have implemented it." It got to be very, very funny.

V OBSERVATIONS OF AGENCY SECRETARIES

Morris: The agency secretaries presumably were all of the same mind? They were all the governor's appointees and were all for efficiency and economy in government.

Thomas: Why would you say that? I didn't pick them. But why would you say that?

Morris: I would assume because--

Thomas: Well, now, run over them. Your first agency was Health and Human Services. It was Spencer Williams. Spencer Williams was an attorney. What did he ever do in administration?

Morris: Well, that's a good question. Health and Human Services includes corrections and the youth department.

Thomas: The best one they ever had in my book was Dr. [Earl] Brian. Dr. Brian knew it backwards and forwards. But Spence was an attorney. What did he ever administer before? Agency secretaries, as the concept was, and I think probably Ed Meese will explain this to you, were to oversee and bring to a head the concerns of the directors, who were the managers. An agency head is kind of the chairman of the board.

Who else was it? It was Ike [Norman L., Jr.] Livermore. Ike obviously was not an attorney. There was Earl Coke.

Morris: And there was Gordon Luce.

Thomas: And Gordon Luce. Okay, of all those people, my guess is that Gordon Luce was probably the best manager of all those. He had the best background, businesswise. And probably Earl was next. I don't think Spencer Williams had ever administered a program as extensive as Health and Welfare.

Morris: So that in that case an agency secretary might have the same problems as some of the businessmen on the task force?

Thomas: I would think so.

Morris: The terminology would be a problem?

Thomas: Yes. It's very hard for me to sit in judgment on their managing their agencies when I'm seeing it from only one small aspect. All I knew was the implementation of the task force report, not what the agency's programs and management were. So I really can't comment on that.

But I think it stands to reason that the agency secretaries were not necessarily selected for their business background. They were picked perhaps for a strong free-enterprise position.

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Morris: You say that attorneys in general are not good managers, and yet--

Thomas: In my experience.

Morris: --in your experience. But also in your experience you rate Earl Brian as good and he's trained as a physician. Physicians in general are not usually thought of as good managers.

Thomas: I probably had a great deal of experience with Earl. And Earl, probably, if he is a good doctor, one would never know it because he's spent much of his time in management. I'm sure he's a good diagnostician. But as for a good doctor, I don't know. Most of the time I've spent with Earl, he's always been in business management. He wrote a book on business management. How many doctors you know write books on business management?

Morris: That's true.

Thomas: What did Earl do? Earl went in there in the second term and revamped that whole Health and Welfare Agency. He took the Department of Health Care Services and practically restructured it.* I think he's one of the most brilliant men I've ever come in contact with. I think he was a very, very good agency secretary. There will be a lot of people who will disagree with me, because Earl fought with everybody.

*See interview with Dr. Brian in this series.

Morris: Why do so many people object to him so strongly? Even ten years later, they splutter about Earl Brian.

Thomas: Because he was very abrasive. And he wouldn't let people get away with things. Who are we speaking of? Vern Orr? Vern would probably be the most vocal against Earl, would be my guess.

Morris: And various people. The press accounts.

Thomas: Sometimes he's very abrasive. He's very sure of himself. You either love him or hate him. There's no in-between.

Morris: Even though he seems to have caught the idea of what the governor and Ed Meese and you had in mind for how things might run efficiently?

Thomas: But I think his mind works that way. He has a keen mind. Intellectually, he probably towers over most of the other people that went in the administration. If you took an I.Q., I would guess that his I.Q. would probably exceed anybody else with maybe the exception of Meese's. Meese is a brilliant person, too.

Morris: He's trained as an attorney.

Thomas: Right.

Morris: And the other one that occurs to you that people say maybe he's so bright that he annoys people is Caspar Weinberger, who's another attorney.

Thomas: Now, I missed Cap, because when I went into cabinet, Cap was leaving. So I never saw him in operation, I knew Cap when he was chairman of the central committee of the California Republican party, and when he was assemblyman, if you can imagine Cap Weinberger as a lowly assemblyman.

Morris: When he was in the assembly, he worked out an organization plan for what became the Department of Water Resources.

Thomas: Is that right? He introduced the legislation for that? I didn't realize that.

Morris: He's also the person who reformed liquor licensing and set up the organization plans for the Department of Alcoholic Beverage Control.

Thomas: That would be back almost in '58, '59, '60. Wouldn't it?

Morris: Forty-nine.

- Thomas: Forty-nine. That's why I don't know, because I was in school at that time.
- Morris: This was as a freshman assemblyman. They threw him to the lions of the liquor-licensing hassles and he triumphed.
- Thomas: The thing I remember about Cap Weinberger more than anything else is when the Republican State Central Committee changed hands--I think Gaylord Parkinson took it over--Cap went out. I think that's the sequence.
- Morris: Right, Parkinson was vice-chairman.
- Thomas: Weinberger was considered such a liberal that nobody would make an appointment for him to the state central committee. Now, here's the chairman. And he's such a liberal that nobody would make an appointment to him. Do you know who gave him an appointment? Bill Bagley. There's a little funny, funny thing.
- Morris: Going back to the business about administration, there were two lawyers and one doctor in Reagan's gubernatorial administration who seem to have a talent for organizational systems and certainly a great interest in how things are organized and they run. Weinberger spent a lot of time on government organization, and the benchmark from everything that we read is that Ed Meese as executive secretary in the governor's office was the one who came up with the management plans and the reorganization plans in the governor's office.
- Thomas: Okay. Ed is interested in organization, but that has nothing to do with ability to organize and to implement and to get things accomplished. If you to this day would talk to Ed about organization, he loves it. He loves charts. He loves things. He likes to put them up. And he can draw them. He conceptualizes them. He spent a lot of time on his concepts of the way the cabinet should work in the current Reagan administration in Washington. He loves that part of it. But that doesn't mean that he can administer. I think that's where the whole thing falls apart with him. I don't know why.

The only person that falls into that lawyer group that is organizing and get things done is probably Haerle. Haerle was that type too. He could get things done. He was an attorney. I forgot I said all attorneys can't administer. But Haerle could too. Very abrasive again, where Ed is not abrasive at all. Ed is basically loved.

Thomas: They come from two different schools. Paul will plow through. Earl will plow through and get things done. For some reason, Ed doesn't want anything to get done. I don't know why. I've worked with him for years and I to this day can't understand it. To this day, I'll say something to him and he won't know what I'm talking about. Very strange, strange concept. I can't understand that, literally. I remember flying up just the other day with him from San Diego saying to him, "But Ed, you'll never get that done." "Oh yes, I will." But he won't. I know he won't. Funny, funny.

Morris: Would that be a good place to stop for today?

Thomas: Whatever you want, if you've gleaned anything out.

Morris: I've gleaned a tremendous amount. Maybe the next time, we could take you on from winding up the task force and then how you and Jim Crumpacker shared the responsibilities when you went in as deputy cabinet assistant.

VI CABINET SECRETARY UNIT UNDER JIM CRUMPACKER, 1969-1971

[Date of Interview: December 13, 1983]##

Administrative Tensions

Morris: There was a period in there when there was nobody listed as official cabinet secretary.

Thomas: You mean it wasn't Earl Coke?

Morris: No. It was later than that. You were acting assistant cabinet secretary in '70 and '71 and then in 1972 it looks like Jim Crumpacker left. But it wasn't until August of that year that you were confirmed as cabinet secretary.

Thomas: Did anybody ever tell you why Jim Crumpacker left?

Morris: No. That was one of the questions I was going to ask.

Thomas: I don't know for a fact. I'd only heard rumors years later that he was out because of in-fighting that was going on between the agencies. I can't confirm that because I don't know. Somebody told me that. Are you going to interview Jerry Martin?

Morris: We have talked to him and I don't think that came up. But we can certainly go back and ask him.

Thomas: Why don't you ask him. I believe Jerry Martin--isn't that awful, I can't remember. Somebody told me years later that that was the reason. But that may not be right. And I don't know. I'm just telling you that somebody mentioned that. I didn't know why Jim left. He just suddenly left.

Morris: He didn't share that with you?

Thomas: No. Jim was a very private man. He wouldn't have anyway, I don't think. But I knew that there was a great deal of resentment and problems between the agency secretaries.

Morris: And the governor's office or just between the agency secretaries themselves?

Thomas: I don't even know what the details were. There was just a great deal of resentment. I tell you who could really confirm that, is Shirley Moore. Shirley Moore was [Lucian] Vandegrift's secretary at the time. I know there was a terrible contest going on between Vandegrift and Crumpacker. Be sure that you understand that I'm not saying, "This is so." This is a little bit of hearsay.

Morris: And none of that drifted down to you as assistant cabinet secretary? They wouldn't come around Crumpacker to you?

Thomas: No, I only learned about it afterwards. The first hint I got that there were problems in that area was that Ike Livermore wrote a letter to Ed Meese saying how he felt that I was one of the best cabinet secretaries that he'd had. I didn't understand the basis of that. What I found out was--he had come up and told me this--I found out later. I was stunned, because I thought I was operating like anybody else would. Ike said that everybody should get equal treatment. And I gave everybody an equal time. If they wanted something to go on the agenda, I put it on the agenda. I ran it for their benefit.

Now, in the sense of Jim Crumpacker--Jim, I felt, ran it that if an issue didn't need to come up, don't waste the governor's time. Consequently that got translated into stifling and pre-selection of what came before the governor. There's a plus and a negative side no matter which way you look at it. I was very flattered that Ike had said this to me because I was unaware that there really had been those kind of problems before. [short inaudible phrase]

Morris: Did Mr. Crumpacker have some very clear ideas himself about what he thought the issues were that needed to come to the governor?

Thomas: Probably. Jim is a very, very bright individual. He probably is one of the brightest people I know. He also tends to twist people's tails unnecessarily.

Morris: Make them uncomfortable?

Thomas: Yes. He used to do it to me. He did it to the agency secretaries. He took delight in it. What I think it really was was that Jim enjoyed it and it was a joke with him but often that wasn't translated as such and therefore created a little bit of bitterness.

Morris: That sounds like perhaps a thought that the governor's immediate staff was more on top of things than the agency secretaries. Was there any of that feeling?

Thomas: No, I think what it was in Ike Livermore's case-- Ike Livermore had a constituency that had a great deal of thought and feelings about the environment. And this is why the governor chose him. It was for his expertise in this area. Now, that may not have always been shared by everybody.

Morris: Everybody didn't agree that Livermore--?

Thomas: Everybody didn't agree that his ideas were particularly strong. But you don't pick secretaries because they totally share your ideas. You pick them for their expertise. I think Ike was that type of person. I think he was a very brilliant man. He had some very definite ideas. And he brought that expertise in. He kept a great deal of heat off the governor, because he was respected in the environmental community. That's why he was chosen.

That's true for Earl Coke in the agricultural area. That was true of-- I don't know why they picked Spencer Williams. He really I don't think had that great deal of expertise in the health and welfare area. Do you know what I mean?

Morris: Right. But he had run for attorney general with the governor in '66.

Thomas: Right. But that didn't make him an expert in health and welfare. That's the area they put him in.

Morris: Right, except that the Health and Welfare Agency also included the Department of Corrections and the Youth Authority.

Thomas: I hadn't thought of that. You've got a point.

Morris: We talked to Mr. Williams a little bit about that. The sense we got was that the correctional institutions and departments were what he felt most comfortable with.

Thomas: You're right. The welfare area was always the one that had the greatest headaches in it. I think you have a tendency to concentrate on that. What they got Lucian Vandegrift in for is, apparently, welfare fraud experience. So I presume that was the package, so to speak.

Morris: Because Vandegrift was Williams's assistant?

Thomas: Right.

Morris: That's interesting because welfare fraud, the fraud aspect is going to lead into the criminal justice area.

Thomas: Sure, no question about it. I was thinking that the reform that went on in welfare didn't come until the second term. Therefore, Spence was actually gone by that time.

Morris: It becomes visible in '70 and '71 when the welfare task force is appointed and things like that.

Thomas: Right.

Morris: I'm interested that your recollection is that not much happened in the first term.

Thomas: Not much happened in the welfare area. Welfare was the problem that wasn't necessarily correctable. So I missed that point. But remember, I wasn't intimately involved. Spence Williams-- I don't know how long I was there working with the cabinet before Spence left.

Morris: He had left by the end of 1969; he ran again in 1970.

Thomas: He would have left. I remember dealing more with Vandegrift than I did--

Morris: And he was only there for about a year as agency secretary.

Thomas: Yes, but the thing was he was there at first. He was the assistant. So you have a lot of chance in the cabinet--in my position when I was assistant cabinet secretary, I dealt with the assistants rather than the agency secretaries. Jim would deal with the agency secretaries. My dealing with agency secretaries came only when I became cabinet secretary.

Morris: How did that break down in terms of tasks? What would you assistant people deal with as opposed to what the cabinet secretaries dealt with, with the agency secretaries?

Thomas: I dealt basically-- You're skipping a period of time here. You're talking about the time that I was in the cabinet directly connected with the cabinet after the task force. [brief inaudible phrase]

Now, at the point that I came in with Crumpacker, I dealt with policies that were being developed in written form. I took all the governor's correspondence and reviewed positions as they were cranked out by the cabinet to make sure it was consistent with what we were doing, that we weren't saying something that was

Thomas: contrary. I took special projects, which were a cabinet function, that needed to be done. I'd have to look back into my papers to see what some of them were. I can't remember any of them now.

But one of the tasks was also to continuously monitor the Governor's Survey on Efficiency and Cost Control recommendations. Finally we dropped this. I think we dropped it when I became cabinet secretary, or the administrative officer of the cabinet. At that time we were supposed to be finished with the implementation.

Morris: In the second term?

Thomas: Yes.

Morris: Is there a sense, too, that things like that kind of peter out? The original motivation has kind of been overlaid?

Thomas: Yes, I think you're right. It got to be an exercise in writing.

Morris: In writing rather than implementing.

Thomas: Yes, in justifying, in putting out your monthly reports. I think all bureaucratic situations generate that.

Reorganizing the Governor's Office, 1970

Morris: Going back to the business of reorganizing the governor's office, which seemed to happen in 1971 and again in 1972--

Thomas: Okay, you asked about reorganizing the governor's office, not reorganizing the state system. That's why I didn't understand your question. [before tape recorder turned on]

Morris: Right. Yes.

Thomas: Okay. During the second campaign there was an effort-- I follow you now. What happened was that after the second governor's campaign, those running the campaign came back and said they wanted a shuffle within the governor's office. They wanted to change positions. Has anybody discussed this before?

Morris: No, that's why we're here. We get a little piece from each of you and that leads us to more questions.

This would be Mike Deaver and--?

Thomas: Yes. The story went like this. Tom Reed and Paul Haerle were making certain demands on the governor to reorganize his staff. They wanted the governor to dismiss Ed Meese and Deaver. [pause] The story goes--(again, I can't say that I'm giving you accurate information. I'm giving you as the story circulated)--that Reed went to the governor and told the governor that he [Reagan] needed to replace Meese and he needed to replace Deaver. The governor was going to the Philippines. And Mike Deaver went on that trip with the governor, and on that trip he convinced the governor that he should not replace him.

As a result of that, Meese and Deaver, in order to protect themselves, reorganized the governor's office and placed all the responsibility under either Deaver or Meese. Cabinet, appointments, legislative affairs, which I believe had direct access to the governor, were changed so that they either were under Meese or under Deaver. Now, cabinet came under Meese. Prior to that, I believe all these secretaries could report directly to the governor. Have you ever heard that one before?

Morris: No, I haven't. But it makes sense, because the physical evidence of that kind of maneuver is that Tom Reed and Paul Haerle both left the governor's staff at that point.

Thomas: No, they had left before that. Reed and Haerle had left the governor's staff in the first term. Now we're talking about term number two.

Morris: Reed had been off the governor's office staff when he worked on the 1968 and 1970 campaigns. Did he want to come back into the governor's office?

Thomas: No. No, he just wanted to-- I'm not positive about it. The story went-- I believe they were talking about [Ed] Gillenwaters coming back and being executive secretary. This was a long time ago.

Morris: On this staff list, Gillenwaters did come back. He had been in Washington as--

Thomas: He was a Washington representative for the governor's office.

Morris: Right, from 1967 to mid-1969. Then he did come back to Sacramento and was assistant to the governor for intergovernmental affairs until January 20, 1971. Then Jim Jenkins came back from Washington and took that spot.

Thomas: Haerle would be the one that could really give you the accurate story. I got my information on this in pieces, meaning that it never actually came out the way I told you; I got pieces here and pieces there and finally put it together over a period of time. Haerle would have probably the best--or Tom Reed--would have the best--

Morris: Does the story go that Reed and Haerle felt there should be a more political concern to how things were decided?

Thomas: Yes. I think there were two main concerns. One is that--I think--they felt that the governor was being too insulated from everybody. I think they had some real concern about a mediocre staff on the part of Ed [Meese]. All the accusations I think that you've heard in the past were dredged up, so to speak; that they kept the governor too insulated; that they wouldn't allow people through; they filtered through; all the accusations about Ed's not making decisions--you could never get an answer; all the things that you see in the press. These were some of the things that they used against Ed.

I'll have to be honest with you and tell you that when I was there, I never saw this with Ed. I was busy in my own area, doing my own thing. Although Ed was supposed to be over me, he never really exercised that power, although I always reported to him anything that I felt should be brought to his attention. I didn't have to wait for him to make a decision. I never ran into that problem. It was the governor that was making the decisions; we were implementing them. I was completely isolated from that. So I never saw it during that period of time.

I saw it later when I worked for him. I can't say that I saw it at that time. But I do remember the desk being terribly heaped up with paperwork. [interruption from staff] I remember that whenever I sent him something I would keep a copy because then when he did want it, I would have it to send again. He lost things and wouldn't act on them.

Assistant Cabinet Secretary Functions

Morris: On this business of access to Mr. Reagan, was there any feeling from the secretaries that they couldn't get in to see him when they needed to? Or other people?

Thomas: Well, see, when they wanted to see the governor, they wouldn't come to me. All I would do is go in when the cabinet met. I also had a certain amount of time with the governor. At those times,

Thomas: any issue they wanted to bring up I would bring up at that time with him. Now, occasionally, when they needed somebody to go in and sit with the governor because somebody was meeting with him-- it's a common practice: they never have the governor be alone with anybody. For good, sound management reasons. They have to know, number one, what he agreed to or what he said, which may impact-- I would go in on those meetings. I wouldn't do that very often. When they [agency secretaries] wanted to go in to meet the governor independently on their own, I think that would be respected. I don't think there would be any hold-up on that.

Morris: But your function as cabinet secretary did not include that kind of--?

Thomas: Did not include scheduling the governor's time. All I did was schedule the cabinet time, which met in a body. I would meet with the governor with all the cabinet and we would have an agenda which we would follow.

My activity was getting this done on as many decisions within the time allowed and get as much in front of him and pass through so that decisions could be made, and implement those decisions, follow through with the departments and make correct identification of it. I had all the processing of communications, projects, through the state agencies. They had the cabinet memo, and they had the-- what were the different-- It was different layers of--

Morris: There were management bulletins--

Thomas: --memos and bulletins. All those were generated from my office. Once the decision was made that they would go out with something, I would put it into the system.

What I did was to get the Department of General Services and say, "This memo needs to be distributed statewide through this level of management." And it would be coded; whoosh, it would go out. It was merely a way of dispatching information in a uniform way.

Program Development and Legislative Units in the Governor's Office

Morris: On the business you mentioned of working on policy being developed in written form, how did that relate to the program-development unit that came along in '69 and '70?

Thomas: That was developing position papers and positions for the governor. I was on the other end. I was after the decision was made that this would be the policy. After that decision, I would take the position; bring it to cabinet. It would go through our cabinet mini-memo. A decision would be made. And then it would be dispersed. If it needed total state attention, we would put it out over the management-memo system that was developed by General Services. If it only needed partial distribution, we would do that. But I was not on the development of policy. I was a forum in which policy that had been developed would come and be directed for the governor's decision and then disseminated, see? I had nothing to do with developing policy, other than the fact that policy was developing in a forum that I directed.

Morris: I think part of it is there's a difference in my mind between programs and policy. But what I'm hearing you say is that the work that Rus Walton and then Jerry Martin became involved in, and then it got really involved, with a whole program and policy section in '73 and '74, is that the programs weren't operating programs like we're going to have--

Thomas: Give me an example of a policy they developed. I can't remember. My mind is blank.

Morris: I've been talking with Rus Walton most recently.* He had a plan for involving college students in some research and discussions to demonstrate that the governor cared about what college students thought and to perhaps even involve some of these young people in putting some of these Creative Society ideas into action.

Thomas: Okay, what would happen was that Rus would think this up, develop an issue memo, bring it to cabinet, get a decision. From that decision, if it needed to be directed statewide or something like that, it would go from cabinet on. But if it didn't; if it's something that he was given authority to develop, then he would set up a unit in which to do that. And that would be the end of cabinet. Again, cabinet was a forum in which to bring or get decisions and then to see that they're implemented. That was really the mechanics that cabinet had when I was there. That's the way it was getting done. And I think it was done prior to that, too.

*See interview with Rus Walton in this series.

Thomas: I can't tell you that nothing was ever developed from cabinet, idea-wise, because I think some of the early cabinet secretaries did. I think maybe even Jim did some creative thinking along those lines and would prepare a--

Morris: Jim Hall?

Thomas: No, Jim Crumpacker. Jim was assistant appointment secretary, then went into this policy [program] development which we're talking about with Rus, and was in there for, I think, a year and a half or two years. I can't remember the exact dates.

Morris: That makes it more clear. One of the comments I came across on the cabinet in the second term is that it got more involved in a legislative role. Is that something that rings a bell with you?

Thomas: You had somebody like George Steffes, who was the legislative secretary, bringing positions to cabinet for decision. But after the decision was made, we had very little to do with it other than the forum in which it could be sounded or discussed. But other than that, cabinet did not as a function get involved. What you have also, I think, is you've got cabinet members who develop legislative programs out there. The decision to do those was made in cabinet. But the implementation might have been applying back to the agency to develop legislation in that area with coordination with the legislative unit.

Morris: That coordination is what interests me, because every department, and I gather each agency secretary, had their own legislative person and budget person. How did that work with the people in the governor's office?

Thomas: It sometimes came at odds with the governor's office, because you sometimes had agencies developing or pushing or supporting legislation that is contrary to the governor's philosophy or position. When that was found out, they were asked to bring it to cabinet and either stop or change or rectify at some point.

It may not have even come to cabinet if it was blatant. Maybe somebody like Meese would pick up the phone and say, "What the devil is going on here? You can't develop a position like that."

And they would say, "Well, you want us to bring it to cabinet?" He'd go, "I don't think it's necessary. I think the governor's position is well known." But if they insisted, they did have the right to bring it to cabinet and place it before the governor. That's about the extent that cabinet got involved in it.

Morris: Were there frequent cases when there was--?

Thomas: There may have been. If I remember, there were times when a position by a department would become--the governor's office got to be aware of it and it was contrary [to the governor's position]. The agency secretary would be called: what the devil is going on here? Let's put a stop to it.

I can't recall calling up an agency secretary too often and saying to them, "Hey, stop this." I think it was done. "Are you aware that your department is down there testifying in the legislature on a piece of legislation that is absolutely contrary to the governor's philosophy?"

I think you hear the same thing in the federal government. The bureaucracy develops something that is contrary to the administration's position. There's always a liaison between the department bureaucracy and the legislature because they're ongoing, where the administration changes every four years or eight years, whatever.

Morris: Is that primarily staff people? Legislators change, too.

Thomas: But their staff though. So a legislator changes; his staff is going to be picked up by somebody else. So there's an ongoing rapport with the staff of the bureaucracy and staff of the legislature. Just as we have in the federal government. They go on for ever; people that are supposed to be in charge change constantly. There's no consistency with them.

Morris: Yes, it's one of the standard things they say about institutions.

Thomas: It's right.

VII SOME ISSUES BEFORE THE CABINET, 1972-1974

Becoming Administrative Officer to the Cabinet##

Morris: Now, you were listed as acting cabinet secretary on the staff roster for January 1972, but apparently not confirmed until August 1972. What was the delay about?

Thomas: As I understand it, there was a feeling that because I was so closely associated with Jim Crumpacker, I would carry on the cabinet in the same manner. So the agency secretaries were bucking.

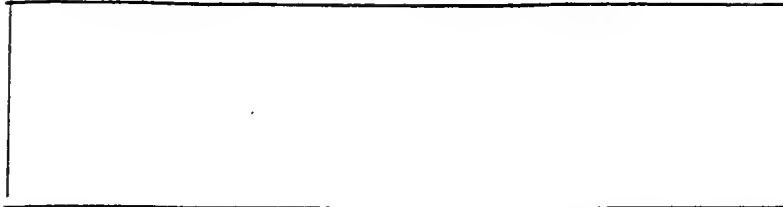
Now, I didn't know this until later. I never knew that until much later. I didn't know that that was the reason that there was this long delay. I will say that Meese's inability to take action played in my favor. Rather than immediately replacing me, they didn't do anything. And I just went on working, not knowing that there was this strong feeling against me because of my closeness to Jim. When I saw closeness, we weren't so close--because I was associated with him. That was it. Actually, I just went on working as I had done prior to that, without Jim. Ed never did anything. So it just got obvious that nobody's having problems with me.

There was still resistance because, if you notice, they gave me the title of administrative officer of the cabinet. As Ed explained to me--Ed had another reason, I found this out later--Ed was going to-- I sat next to the governor at the table and officiated around. Ed, when he finally got around to deciding what he was going to do, said, "Well, we're going to make you administrative officer of the cabinet, and you'll sit by my side."

The way they sat was very interesting. The governor sat there. [at the upper right of a "T" shaped table, see illustration next page] The lieutenant governor sat here. [on the governor's right] Then some of the agency secretaries sat here. [along the

Lieutenant
Governor*

Governor
Ronald Reagan



Business and Transportation
Secretary

Health and Welfare
Secretary

Agriculture and
Services Secretary

Secretary of State*

Controller*

Cabinet secretary
Thomas

Resources Secretary
Livermore

Finance director Orr

Treasurer*

Attorney General*

Executive secretary
Edwin Meese III

staff

aides

and

deputy

secretaries

SEATING AT GOVERNOR'S CABINET MEETINGS

Mr. Thomas noted that this plan was not rigid and that seating changed as the players changed. Officials starred often did not attend cabinet meetings.

Thomas: "T's" downstroke] I sat here [in front of the governor], with agency secretaries here. Then the constitutional officers sat here [across from the secretaries]. And Ed Meese sat at the head of the table facing the governor.

Ed's concept was that he would remove me and put me where I could be at his side, and I wouldn't sit at the table. He never got around to it. Ed is typical for never getting around to getting anything done.

Morris: Well, there is the theory that sometimes doing nothing is the best thing to do.

Thomas: What is it [William] Buckley said? That inaction isn't necessarily no action. It's actually an action. As I said, it worked out to my advantage. Because then I stayed. I never left the spot, and apparently nobody had too many problems with me. That felt rather egotistical; I don't mean it that way. It was just that it rather surprised me when I found out the real story, after it was all over.

Morris: You stayed then in that spot until the end of the administration.

There were a couple of interesting things going on there. There was the conflict of interest discussion going on in that period, February of '72. We came across it before in cabinet memos. I wondered if that was a new issue, or if something had come up to make it--?

Thomas: Give me a little bit more. There's hundreds of thousands of issues. I can't remember.*

Morris: As time went on the cabinet agendas and memos became much more succinct, leaving the scholarly researcher dangling--

*The following additional question was sent to Mr. Thomas with the interview transcript: A Meese memo of 10 February 1972 refers to "recent discussions" that all agency secretaries should get statements from all appointees about any outside employment or business relationship for which they received compensation. This information was to be forwarded to the appointments section. Mike Deaver also was working on a proposal re investments or other holdings which might be incompatible. Does this sound like something had come up/press had raised a question or a response to some legislation? Will ask Mr. Deaver in his interview, but a clue would be helpful. Mr. Thomas replied: Don't remember what "sparked" it, if anything.

Thomas: You want to know what was actually said.

Morris: Yes. They become very tight, action minutes. That's very frustrating when something like conflict of interest comes up because that's one of this--

Thomas: Right. Can you tell me who originated the memo?

Morris: It was a kind of a general thing that the governor wishes us to take a look at conflict of interest. I'm not sure whether there had been either some federal or state legislation passed and the governor's office wanted to make sure everybody was living up to it or if there was some specific concern within the administration.

Thomas: If I'm not mistaken, after every term, we had to list all our assets et cetera, et cetera, to see if there was conflict of interest. I don't think that's what you're talking about. I really don't know. I can't recall. There was always a concern that there was somebody in there having a conflict. But I don't recall any specific issues other than the fact that we had to disclose all our holdings.

Morris: There weren't any charges that somebody was acting improperly?

Thomas: No, I don't think so. I just don't remember. Sorry.

Morris: Well, that's a useful fact, too. Sometimes we're a little overzealous about what we find in the papers.

Thomas: There was a basis, obviously, for it to come up. I don't know what it was. I don't recall what agency proposed it or if it was proposed from somebody on the staff of the-- It could have been legislative affairs or legal affairs; I think Herb Ellingwood [kept an eye on conflict of interest].

Morris: I will go back and get my specific reference and send it to you for comment.

Environmental Goals and Guidelines

Morris: There were a couple of long-running task forces. One was on environmental goals. This was something that I gather Ike Livermore's office had worked extensively on.

Thomas: I'm sure it was, yes.

Morris: Then when it hit the cabinet, there seemed to be some major changes. I came across a report that Lewis Uhler had done, a critique of the Resources Agency's report. His views seemed to be totally different from what the Resources people's were.

Thomas: I'm sure they would be. Lew took a different position, a very conservative. I would be very surprised if his wouldn't have been different. I'm trying to think of what it was. They did that piece of legislation. What was that? I can't think of the name of it now.

Morris: There was the California Environmental Quality Act.

Thomas: Yes, which would be under Don Livingston's sphere. There was great concern. Was it that piece that came as a result of this?

Morris: Yes, but the legislation was sort of the end of a long-running process. The legislature said, there shall be a state environmental quality plan. My sense was that Livermore was also very much in favor of putting everything into a plan. And his people developed a very elaborate proposal. I was surprised that then--

Thomas: Yes, I think you even had a resignation over this. This is where Wes Bruer resigned, probably this piece of legislation? The state geologist resigned because he felt that this was contrary to the conservative philosophy, allowing the environmentalists to dictate--

Morris: That's the tone of Mr. Uhler's critique.

Thomas: Yes, could be.

Morris: --that you're making a problem where none exists. I don't find Mr. Uhler on any of the governor's office staff lists. How was he asked to do this critique?

Thomas: Well, I can't answer that. You'd almost have to ask Lew.* I remembered that Wes Bruer resigned over that act and made a public statement to the effect that government shouldn't be in this area. Now, I know that the general philosophy was, that the legislature mandated in an act: better to have an act thoughtfully put together than to let the legislature go ahead and put anything in they

*In August, 1971, Uhler went from being director of the California Office of Economic Opportunity to being assistant to James Hall, then head of the Health and Human Resources Agency.

Thomas: wanted; [something] that possibly you can live with, [that didn't] totally stifle any kind of development whatsoever. I think that was the overall feeling in the administration; that better a well-thought-out act, one which we have input into than a bill which would totally stifle growth or any progress in helpful industry. That was, basically, I think, the governor's position.

I think Earl Coke probably, if I recall correctly, felt that this was bad legislation. But since it had been legislated, he decided to put together, had put together for him, something that would not be totally against development.

Morris: Was the thought at all that the Resources people, the department people and Mr. Livermore's office, had been unduly influenced by some of the more liberal legislative people who were--?

Thomas: No. I would say that there was more of a feeling that Don Livingston had been influenced. I'm not sure that I'm the one that should speak with authority on this. My knowledge in this area is somewhat limited. I remember the thing coming about. I remember Wes resigning over his concerns. I remember that Don was criticized by the conservatives for pushing the legislation through. I also understood--and I believe I can probably speak for Ed on this--that his feeling was better to have it proposed by our people than have no input into an act that could be passed by the legislature. As for undue influence on Ike Livermore or the Resources Agency, I can't answer that. I don't know.

Morris: I don't mean unduly influenced in a legal sense. I mean that they had adopted a liberal stance on environmental principles.

Thomas: Well, yes. But I think if the governor hadn't wanted to sign it, he wouldn't have signed it. I think you have to look at it that way. I don't think he felt it was the best legislation. I can't remember some of the things in there. But there were some things that were very poor. I think it had to do with something like power-plant siting.

Morris: I'm not sure that power-plant siting wasn't a separate piece of legislation or a separate issue within this whole global concern.

Thomas: It's over ten years ago, I can't remember the facts. I just remember the briefs, comments. Somebody like Ike Livermore, somebody like Jerry Martin, somebody like-- Don Livingston would be great, I would think.

Morris: I need to go talk to him some more about some of these things. But power-plant siting, was that running through the concerns of power companies?

Thomas: Well, I can't answer that. Somebody may have. I didn't. But, remember, mine was a mechanical function. It was to get a forum. I didn't influence legislation. I didn't take any position on it. I felt my position was to get it and let everybody have a fair opportunity to speak and be heard. To influence the subject, I thought corrupted my position. Mine was to be fair and equitable-- to see that everything got some presence before the governor that needed to.

Morris: Therefore, you wouldn't have to deal with all that hassle with the legislative folks?

Thomas: The hassle with the legislative folks was-- The legislative folks were hassled by the--yes, I chipped in--Meese and those people.

Local Government Task Force and Liaison

Morris: Among the other long-running topics was a local government task force.

Thomas: There was a big hassle on that one. It was regional government versus non-regional government.

Morris: That was one aspect of it. The other aspect is, will the state run things, or will the cities and counties run things?

Thomas: Or will there be another layer of government. I looked at that one.

Morris: That was another of the issues. That report, as far as we can figure out, was never issued. That was my question.

Thomas: The decision was not made by me that it wouldn't come to cabinet. Somebody made it other than me. [chuckles]

Morris: That was what we wondered.

Thomas: I can't tell you. There's still no evidence of it. I'm sure that you have all the papers. Nobody looked at anything that I'm aware of. But I don't recall whether it came up. Remember, you had a local-government secretary at one point. Who was it?

Morris: Early on, there were a group of local field representatives.

Thomas: Who was it for local government? I can't remember. Was it the legislative unit? Who had responsibility for local government?

Morris: There's nobody identifiable as that. There are special assistants. That was the next question I was going to ask you about. In '73, the office roster lists you as administrative office of the cabinet. But then there's a special assistant named C. E. Newton and another staff assistant named Michael Woodson.

Thomas: Woodson was one of Mike Deaver's assistants. He was somebody Mike brought on and then later fired. You would have to track down Mike on that. Nobody ever really could figure it out. I don't think he was anybody with assigned duties. I think Mike got into a fight with Woodson and fired him.

Newton was the security desk. What he did, I can't tell you. Just ask Ed Meese. He was assigned to Ed.

Morris: Earlier there had been a director of security who was a man named Edward Hickey.

Thomas: Ed Hickey remained that, though. He was head of security. He had the state [capitol] police under his jurisdiction and the security of the governor under his jurisdiction.

Morris: Bodyguard-type security.

Thomas: Yes, right. He directed it.

Morris: Okay. That's right, he is still here on the '74 staff list.

Thomas: Newton was the security staffer. I can't answer that. It was some kind of security stuff, checks, maybe looking for possible conflict of interest and fraud. I don't know. I knew Clarence. But I don't know what he ever did. It had to do with security of some kind or investigations; nothing I ever came in contact with.

Morris: There's nobody visible as local government.

Thomas: I don't think Clarence was. There was somebody. I wonder if community relations--

Morris: Mel Bradley?

Thomas: Yes, Mel.

Morris: But in talking to him, that's largely minority community relations.

Thomas: Yes, it is. Somebody had local government and I don't know who it was. I don't think it was me, because I don't remember doing anything.

Morris: Right, okay. That's interesting.

Thomas: I just wonder if it didn't come under the legislative unit. I remember holding meetings with cities and states.

Morris: Well, under programs and policy--this is in the '73 reorganization--you had John Tooker as legislative assistant. He was one of the people that worked on the local-government task force. He'd also worked on environmental goals.

Thomas: I can't for the life of me remember who it was. They obviously had a contact.

Morris: Obviously.

Thomas: They mostly dealt through lobbyists. That's what makes me think it was legislative. I think it came under the Livingston jurisdiction. That would be the supervisor's association, city government association, stuff like that. I'm just positive that the legislative end took that over. Although I could be wrong.

Morris: Well, you had several people, like Bob Carleson, who had been a city manager and presumably would have stayed in touch with his colleagues in city government.

Thomas: Did you ask him? He would know.

Morris: This question has just emerged in talking with you.

Thomas: I think it was legislative, because John Kehoe had those contacts. Of course, on the other hand, it could have been Gillenwaters and Jenkins. It could have been under their jurisdiction. I can't remember.

Morris: They didn't mention this. We'll keep asking.

Cabinet Level Task Forces on Welfare Reform and
Criminal Justice

Morris: The other interesting thing that was happening to my mind was the emergence of the small task force. There was a follow-up one on welfare reform and there was one on criminal justice that were just agency secretaries and a couple of people from the governor's office.

Thomas: The welfare task force, didn't it come under Ned Hutchinson?

Morris: That was in 1970. But then as a kind of a--

Thomas: Then there was another one that was done by Earl Brian?

Morris: It was Earl Brian and the agency secretaries. It was a very small group right at the very top. And there was a similar thing, called the governor's blue ribbon panel, I guess, on criminal justice. Ed Meese was head of that.

Thomas: Nothing ever happened with that though. I remember that. I remember that I held one meeting that I'm aware of. [interruption by staff. Shirley Moore reminds Thomas of his luncheon appointment. Thomas asks her who handled local government for Governor Reagan.]

Morris: Why don't you finish up what you were going to say about the blue ribbon committee on criminal justice.

Thomas: I don't know what more to say than that. I remember being at that meeting, putting it together. They were to get out work papers.

Morris: There is a marvelous report.*

Thomas: There is?

Morris: Yes.

Thomas: That's maybe all they needed then was to-- Wait a minute. I take that back. I remember only going to one meeting. I went to the kick-off meeting, and I never bothered to go back because I didn't think it was necessary. They were going the way they wanted to and they were going to render a report. It wasn't necessary for me to go. That's right. That's what I remember. They came in and they issued their report.

Morris: To have the top people in the governor's office and cabinet secretaries pull together on something seems like it's a pretty high-level group. Why did there seem to be a need for something like that instead of the larger task forces that went around and talked to people?

Thomas: I'm not sure I understand your question. Give it to me again.
[Shirley Moore enters]

*"Controlling Crime in California," Report of the Governor's Select Committee on Law Enforcement Problems, submitted to the legislature, August 1973.

Moore: Was it Roger Magyar?

Thomas: Yes. That's right. Roger Magyar. He should have been very late [in the administration]. Right. He dealt with the local government.

Morris: [looks at staff list] Special assistant to the governor and Don Livingston.

Thomas: I said that it was legislative, didn't I? He was the one that handled county and local government.

Morris: Could we go back to the shift from the large task force?

Thomas: Probably it was just faster. I don't think that there was any real intent other than that they felt that in a small unit you had expertise in that area. It did just as good a job as bringing in a whole large group. I don't think it was anything other than the fact that they needed to get something done and they wanted it done fast. I don't know of any other reason. I think what you really have to do is ask somebody that was on that task force. I don't think it was anything that was well-thought-out in the sense that--

Morris: It was cabinet people.

Thomas: Right. They needed the decision in a certain amount of time. They have been charged with the direction that the governor wanted to go. Now form a policy and bring it to him. I think that was basically it.

Morris: Policy things.

Thomas: I don't think there was any big motive other than the fact that they felt that a small group-- I know that Dr. Brian's body could reform Medi-Cal. He put together a bunch of experts who were basically bureaucrats and you have a system there, and used them to implement it. Then he went over and lobbied it. He got it through the legislature.

Morris: Why don't we stop here? I don't want to waste your time.

Thomas: I'm more than happy to do it. I hope it's of some use.

Morris: It is.

Concluding Thought on the Governor's Office

- Thomas: I don't think my time, my role, in the governor's office was very monumental. I think it was more mechanical. I didn't influence policy so much. I think that you had people more--I don't know--very dynamic types. I think a Livingston was probably a very dynamic type. The guy, whether you agreed with the way he went or didn't go, he had a position that he exercised. I think Dr. Brian was very flamboyant and very articulate, very grating. People either loved him or hated him. I think Vern Orr was a person who-- I think they had a significant impact on history. I look at what I did as being more of a mechanical sort of thing rather than changing history, so to speak.
- Morris: How about in those last couple of years? Did you feel any kind of a group sense developing about it being important to do a few things to make Mr. Reagan's mark on the state of California?
- Thomas: I always felt that Reagan wasn't tough enough and didn't get done enough of the things he wanted. I think that he got done what really our intentions were to do. I felt that he was left with some things that could have been done but didn't get done because he didn't realize how much he was able to do.
- I like what [Governor George] Deukmejian is doing. I think he's gone up there with a mission and he's implementing that mission. I've often felt that maybe Governor Reagan got his position watered down some. Maybe that makes him a better leader, when you think about it, because you have to be a compromiser to put all positions together. I like what Deukmejian is doing in the sense that he held the budget down. He is making the departments eat any increase. He's actually working, in my book, for the taxpayers' benefit. I think Reagan should have done more of that. I think he got moderated down.
- Morris: That's interesting, because several comments we've come across are that in Reagan's second term there was a stronger conservative influence. You would think that that would tend to keep him to his original principles. You weren't aware of that in Sacramento?
- Thomas: I think Brian was very conservative. I think Livingston was very liberal. Maybe this is good. I think that Vern Orr was more moderate. Who was another strong conservative?
- Moore: Vandegrift?
- Thomas: Vandegrift didn't actually get anything done.

Transcriber: Ernie Galvan
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TAPE GUIDE -- Edwin W. Thomas, Jr.

Interview 1: October 19, 1983	1
tape 1, side A	1
tape 1, side B	15
tape 2, side A [side B not recorded]	28
Interview 2: December 13, 1983	32
tape 3, side A	32
tape 3, side B	43

INDEX* — Edwin Thomas

Adams, Winfred, 17, 20
 agency system of administration,
 22, 27-28, 33, 35, 39, 41-42, 51
 Agricultural and Services Agency,
 14
 appointments, to office, 28, 34
 Bagley, William T., 8, 30
 Battaglia, Philip M., 17-18
 Brian, Earl, Jr., 27-29, 52, 53-54
 Brown, Edmund G., Jr. (Jerry), 2
 Brown, Edmund G., Sr. (Pat), 1
 Bruer, Wes, 47
 Buckley, William, 45
 budget, state, 22
 business, and government, 22

cabinet, governor's (Ronald Reagan),
 3-5, 7, 13-14, 19, 26, 32-41,
 45, 49
 meetings, 43-45
 California Environmental Quality Act
 (CEQA), 47-48
 California Packing Company, 11-12
 California Republican Assembly, 16
 Clark, William P., 7, 17
 Clausen, Don, 9, 10
 Coke, Earl J., 13, 19, 20, 34, 48
 conflict of interest, 45-46
 conservatives, 47-48, 54
 "Creative Society," 40
 Cristina, Vernon, 17
 Crumpacker, James J., 14, 15, 19-
 21, 32-33, 35, 41, 43

Deaver, Michael K., 16-17, 37, 45
 elections, 1966, 8-9, 14, 17
 environmentalists, 47-48
 executive orders, 6

federal government, 42

General Services, Department of, 5-
 6, 39-40
 governor, office of (Ronald Reagan),
 18-21, 30, 41-42, 50, 51
 program development, 39-41
 reorganization, 1971, 36
 See also cabinet

Governor's Survey on Efficiency and
 Cost Control, 6-7, 13-15, 18
 implementation, 22-26, 36

Haerle, Paul R., 8-9, 18, 30-31,
 37-38

Harper, Stan, 15

Health and Welfare Agency, 27-29,
 34

Health Care Services, Department of,
 28

Hickey, Edward, 50

Hoover Institution, Reagan papers,
 2, 23

Hutchinson, Kirsten, 16

Hutchinson, Ned, 6-7, 13-16, 18,
 23, 24-25

*Unless otherwise noted, all locations and government agencies are in California

legislature, legislation, 41, 42, 48
 staff, 42
 liberals, 54
 Livermore, Caroline, 10
 Livermore, Norman B., Jr. (Ike), 3n, 10, 33-34, 47
 Livermore, Putnam, 10
 Livingston, Donald, 48, 54
 lobbying, lobbyists, 51, 53
 local government (city and county), 49, 51
 Lolli, Andrew R., 6
 Luce, Gordon C., 27

Magyar, Roger, 53
 Marin County, politics, 8-10
 McCarthy, John, 8
 McMurray, Tom, 19-21
 Medi-Cal, reform, 53
 media, 18
 Meese, Edwin, III, 29
 as executive secretary, 3n, 30-31, 37-38, 41, 43-45, 48, 49

Newton, Clarence E., 50

Orr, Verne, 29, 54

Pearson, Drew, 18
 program development, 39-41
 Pryor, O. Kenneth, 15, 22, 23, 25

Reagan, Ronald, campaigns, 2, 9
 Reagan, Ronald, as governor, 4, 24, 26, 33, 48, 54
 and cabinet, 34, 37-39, 41, 45
 correspondence, 35
 speeches, 2

Reagan, Ronald, as president, 30
 Reed, Thomas C., 8-9, 37-38
 regional government, 49
 reorganization, state government, 36-37
 Republican national convention, 1968, 20
 Republican Party, Republicans, 8-10, 16-17
 State Central Committee, 30

Santa Clara County, politics in, 17
 security, 50
 Steffes, George, 41

task forces, 6-7, 22, 24, 49, 51-53
 see also Governor's Survey on Efficiency and Cost Control
 Thomas, Edwin, Mrs., 8
 transition (1966-67), 1-2

Uhler, Lewis, 47
 United Republicans of California (UROC), 15-16

Vandegrift, Lucian, 33, 34-35, 54
 voluntary organizations, volunteers, 8-11, 20

Walton, Rus, 15, 41
 Weinberger, Caspar, 29-30
 Weisner, John, 12
 welfare, 34-35
 welfare reform, task force, 24
 Williams, Spencer L., 27, 34
 Woodson, Michael, 50

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Government History Documentation Project
Ronald Reagan Gubernatorial Era

Frank J. Walton

TRANSPORTATION POLICIES AND THE POLITICS
OF CONSERVATISM, 1964-1974

An Interview Conducted by
Sarah Sharp
in 1983



FRANK J. WALTON

TABLE OF CONTENTS -- Frank J. Walton

INTERVIEW HISTORY	i
BRIEF BIOGRAPHY	iii
I FROM A SOUTHERN BACKGROUND TO CALIFORNIA REPUBLICAN POLITICS	1
II THE BUSINESS AND TRANSPORTATION AGENCY, 1971-1974	9
The Appointment Process; Notes on Reagan as a Political Leader	9
Issues for the Agency: The Gas Tax and Evolution of a Department of Transportation	14
Environmental Considerations and Transportation Development: Mineral King and Other Issues	22
Representing the Governor	24
"True Conservationism"	26
Items and Procedures for Cabinet Discussion	30
Campaigning for Tax Reduction, 1973	32
III THINKING CONSERVATIVELY	37
Establishment of the Heritage Foundation: A "Quick Response Mechanism" for Conservative Policy Making	37
A Conservative and Christian Outlook	40
TAPE GUIDE	43
INDEX	44

INTERVIEW HISTORY

Frank Walton is a man dedicated to the need for strong leadership to get through the falderal of differing opinions and minor details to arrive at a course of action that will accomplish what you want done. It is a view expressed thoughtfully and well several times during the following interview, in which Walton discusses major aspects of his work as a member of Ronald Reagan's cabinet from 1971-1974.

Walton was a successful Los Angeles County businessman who had retired in his mid-40s to devote his energies to extensive civic and political interests when Lew Uhler, assistant to Business and Transportation Secretary James Hall, called to ask if Walton would be interested in becoming Hall's replacement. Although the offer was unexpected, Walton and Uhler had known each other since 1964 when Uhler worked on Walton's well-organized campaign for Congress.

When Reagan asked him during the interview if he saw anything that needed doing, and Walton expressed his opinion that leadership was not being exerted in the state and in the Republican party, he thought he had made a terrible mistake. Instead, a week later he found himself in charge of a giant administrative agency, squared off against senate leader James Mills's proposed increase in the gasoline tax.

Among the Business and Transportation issues Walton describes are the creation of a unified Department of Transportation from several overlapping existing departments and the agency's strategies for dealing with President Nixon's impounding of federal funds. He often found himself "at opposite ends of a viewpoint" from Norman "Ike" Livermore, head of the Resources Agency, on environmental issues. According to Walton, Livermore "felt there had to be a voice at the cabinet table for the various special interest groups." Walton, however, saw himself as an extension of the man who appointed him, trying to help him do what he told the people he was going to try and do.

Perhaps the most interesting part of the interview is Walton's explanation of his insistence, during discussions as to where the administration might go in its final years, that government always talks about alleviating taxes, but "we've got to have an actual cut." Reagan gave him the responsibility for seeing what could be done. Out of this came an extensive task-force study, chaired by Lewis Uhler, and eventually Proposition 1, the tax-limitation initiative of 1973. Although this failed at the polls, Walton agrees that it set the stage for Proposition 13 in 1978, which did sharply curtail local property tax rates and "has caused no end of problems."

The interview closes with a brief section on Walton's later success in helping the Heritage Foundation in Washington, D.C., to build a scholarly view of the conservative position on public issues. In a short period of time, he strengthened the foundation's financial position and set up a "quick-response mechanism" that continues to provide overnight information on urgent topics. Most recently, in 1983 he has become an ordained deacon in the Roman Catholic Church, and less interested in politics and government.

The interview was recorded on 25 October 1983 in Mr. Walton's home in Coronado. The interviewer, Sarah Sharp, sent the interviewee an outline of the topics to be covered in the single taping session, as well as a few historical materials to help Mr. Walton recall the details of his work in Sacramento. He made very few changes in the transcript of the interview which was sent to him, and returned it quickly.

Gabrielle Morris
Project Director

June 1986
Regional Oral History Office
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University of California at Berkeley

BIOGRAPHICAL INFORMATION

(Please print or write clearly)

Your full name FRANK J. WALTON

Date of birth 11-29-1919 Place of birth B'HAM, ALA.

Father's full name JOHN T. WALTON

Birthplace GREENSBORO, ALA.

Occupation STEEL BRCKER

Mother's full name JULIA T. WHITE

Birthplace KNOXVILLE, TENN

Occupation HOMEMAKER

Where did you grow up ? BALTIMORE, MD.

Present community CORONADO, CA

Education BUSINESS ADM. - GRAD SCHOOL - METALLURGY
NORTHWESTERN. CALIF.

Occupation(s) FIELD ENGINEER, EXECUTIVE

Special interests or activities COMMUNITY, POLITICS, CHURCH

I FROM A SOUTHERN BACKGROUND TO CALIFORNIA REPUBLICAN POLITICS

[Interview: 25 October 1983]##

Sharp: Did you get a chance to fill in that questionnaire?

Walton: Yes, I did. I put it right over there for you.

Sharp: I thought you might fill in just a few notes about your early life, about your parents and what sort of family you had, and what sort of work experiences that your family might have had. We can just go from there. Then we'll move into your work experiences.

Walton: All right. Well, you'd never know it today, but I was born in Birmingham, Alabama. There isn't any trace of accent most people tell me, but that's probably because I've lived in so many places. There isn't any semblance of Southern accent remaining, but I spent about the first twelve years of my life there. My family was from the Deep South. My father was from a cotton plantation in Greensboro, and my mother was a society girl from Knoxville, Tennessee.

I was born in Birmingham. I was the third of three children. Our family--I guess it was during the Depression--moved to Baltimore, where my mother's parents were. So I grew up in Baltimore and really that's the part of my youth that I remember most, and I went to school there.

When I finished high school I went off and studied business administration.

Then I took graduate work in metallurgy because I was in the steel business. I'd sort of gone in on a cooperative course in the steel industry, working part-time and studying part-time.

##This symbol indicates that a tape or a segment of a tape has begun or ended. For a guide to the tapes see page 43.

Walton: I became a field engineer for this same steel company. It was a stainless steel company in Baltimore, and the name of it in those days--it seems strange to look back today--was Rustless Iron and Steel Corporation. (It was later bought by Armco Steel while I was off in the marines.)

I lived in Chicago for a while as an office manager, a district office manager for that company, then later got transferred to the West Coast, to Los Angeles.

It was still the early part of World War II, and after being out here for about a year or so I joined the marines. I was off in that for a few years, about three years, then I came back and briefly joined that company.

The larger company, Armco, had taken over my smaller company, so I found it was much too large for me, and I said, "I really don't want to work for a corporation that large."

I left and joined a smaller firm in Pittsburgh, Pennsylvania, and spent three and a half years in Pittsburgh in the distribution of stainless steel. This was a departure from the manufacturing business over into the distribution business.

Oh, I should say we were married while I was in the marines. My wife was a navy nurse, and we met here in Coronado; we met at North Island. We were married about a year later after having both moved around a bit during the interim.

In Pittsburgh after the war, we stayed about three and a half years. I was the vice-president and general manager of this company by the time I decided to leave. I could see that great things were developing in California and Pittsburgh wasn't doing too well; it was losing representation in Congress and losing population.

We said that it looked as if the whole future of the nation is in California and in the West. So we simply packed up two children and a dog, got into our car, consigning the furniture to L.A. storage, and took off. We didn't know what we were going to do when we got here. We just knew we were going to come to southern California.

We went to Los Angeles, and happened to hit at a very good time because I went to eight companies and six of them offered me jobs.

Sharp: That's very unusual, not like today's standards.

Walton: Well, it was just an ideal time because it was just before the Korean war broke out in 1950. They were badly in need of experienced people here because there wasn't much manufacturing of steel in

Walton: southern California but there was a great deal of distribution. These were all warehousing operations; they bought from all the Eastern mills and sold primarily to the aerospace industry out here.

Well, for one, to be knowledgeable, technically knowledgeable, that is, in the field of stainless steel and metallurgy was a valuable skill to be able to offer for sale to southern California. The steel companies were ready to grab it up here, so, as you had mentioned in your note, I went with Jorgensen Steel to start off with.

Jorgensen didn't offer the most money but offered the best opportunity it seemed to me and the greatest potential for growth. So I joined them. Even though I'd come out as an executive from Pittsburgh, I started in as a trainee in Jorgensen Steel, and I had to go through all of the "looper" course, so-called, where you got from one department to the other.

They put me into the field and gave me a territory as a salesman for them. I got my first real experience at selling there and enjoyed it very much. It was really sort of sales engineering; I had done much more engineering before and this time much more sales. But the fact that I could offer technical know-how in various elements of the steel business was very helpful, and I won a lot of following and a lot of friends. Then there was a company by the name of TubeSales that was in the metal tubing business, came to me and sort of purloined me away from Jorgensen Steel. They were just sort of a new star on the horizon, and most of their competitors were saying that they wouldn't last long, that they weren't well enough financed, that they would probably go broke, and I took the gamble because it looked like a lot of promise and it grew to be the largest of its kind in the world within a few years time. I retired there as the president; that was in 1963.

Having retired, I was at a pretty young age and I felt what I wanted to do now was to spend my time in community activities and church activities, and just trying to do something more for the country and for the community. I was involved in a number of things.

For a long time, while being an executive at TubeSales, I got involved with the state and local government committee of the Los Angeles Chamber of Commerce. It was quite a power in the city of Los Angeles, and it got into most of the major issues and really sort of set the tone for what the city of Los Angeles would do politically and economically. That whetted my appetite for getting more and more involved in civic affairs.

When I came to the point when I felt that I could actually retire and handle my own financial affairs from there, I cast about and I did a little consulting work just to keep some income rolling in.

Walton: I had for some time before that been sort of seeking out candidates to run for school board, city council, assembly and the Congress, and that sort of thing, and I would help them. I would help them raise money and I'd help them get votes and I did a great deal of precinct work. I learned a lot about going out and knocking on doors and calling people on telephones and organizing districts and that sort of thing, so I got very much into it.

This was all Republican. I had been raised in a Democrat family. We were all Southern Democrats. My family felt that the sun rose and set on Franklin Delano Roosevelt and felt that he was really the patron saint of America.

The first time that I voted was in 1940, and in order to determine where I belonged it seemed to me the most sensible thing to do was to get the platform of both parties. That's sort of an obsolescent viewpoint today, but I, as a young man, got hold of the platforms of both the parties and I read them over very carefully, studiously.

As I did I said, "I don't really belong in the Democrat party, I don't believe in that, I believe in what the Republican party stands for," because I believed in individual effort and limited government, a lot of individual liberty to work with. I felt that's what the Declaration of Independence and the constitution were all about. I thought that's what the creation of America was all about, that you really keep yourself free from government so that people can use their own creativity. That's what I saw in the Republican platform.

So the first time I ever voted I voted Republican, and I've never voted any other way since. That's not to say that I think the Republican party has all the answers or that it's perfect!

Of course, today we don't have a two-party system in my view, we have a multi-party system and we have sort of issue coalitions that develop today.

But getting back now, here I was out doing precinct work and that sort of thing, and I guess I got really very active in the first [Dwight D.] Eisenhower campaign. Then I stayed active and I became a town chairman of the Eisenhower campaign. I was living in the city of Arcadia then, up in Los Angeles County. I was out making political speeches for Eisenhower and for other candidates; that is, whoever would invite me, you know, maybe it was a local Rotary club. I didn't have any sort of name or base from which to draw a great deal of invitations, but whenever they came I got out and did them. I'm sort of jumping around.

Sharp: Well, I wanted you to lead up to why you decided that you could run for Congress in 1964.

Walton: Well, good, because that's just where I'm coming. Here I was with free time on my hands and getting very much involved in politics. I thought it was quite a nice position to be able to find other people who would run and take on the job who really aspired to political office. I could remain free to do my own thing while they did the job of government. I had no aspiration or ambition whatever to be in government. It was the last thing that would ever occur to me. In fact, there was a little bit of a hint of distaste in that role for me; I didn't think that I really wanted that sort of thing.

But here in 1963, when I retired from the steel industry I began to get these tiny whisperings of overtures from various friends and rather a variety of places and positions who would say, "Did you ever think of running for Congress?" And I'd say, "Oh no, that's the last thing I would ever think of." One day it would be in the church, another time it would be in the bank, another time it would be on the street corner somewhere.

I began to realize after a while that all these people who were approaching me had been conferring together somewhere on their own, in their own councils, and they were sort of deciding that they would turn the screws on me and put the pressure on for me to run.

There was a one-term congressman, Ronald Brooks Cameron, who had been two years representing the Twenty-fifth Congressional District. So I came home one night and I said to my wife, "You know, they're going to have this big meeting in somebody's home here. They're very serious, and I'm probably going to have to say yes or no when I go there."

In her usual supportive fashion she said, "Well, whatever you want to do, that's what we'll do, whatever you think is right and best," because she'd been very much involved with me in all these community affairs and political affairs and so forth; we always did it together.

Sharp: Did that make it harder, that she was going to support you so that meant you didn't have anybody who told you not to do it?

Walton: [laughing] No, I don't think it really made it harder. I think I was probably by that time cogitating on what would it really amount to. I felt that it would take a miracle to win because it was a heavily Democrat district. If I recall correctly, I think that about 58 percent of the registrations were Democrat. Then there were several that were not Democrat or Republican. I think we had something like 35 percent of the registrations, I don't remember what it was.

Walton: But that night in a large living room with probably thirty-five people present, I accepted the role, and the next morning I started. By eight o'clock the following morning I had committed myself to \$10,000 in expenses, and not knowing where it was going to come from! But we began to raise the money and we raised a lot of money, and we didn't go into debt. We weren't coming to the end with a defeat and a heavy debt hanging over us. We paid all of our bills and we had ample money to do it all the way, and we waged a pretty dynamic campaign.

I would say this to you, Sarah, that it was one of the most exciting things I ever did because of the vast variety of experiences that you get into. I mean, just so many impromptu things that you can't be prepared for, where on a moment's notice you're called upon to make a substantial speech.

Well, for example, one time I remember I was invited to a Rotary luncheon. I knew that at the service clubs you couldn't have a candidate running for office. That just wasn't allowed by their rules. So I went to some large bowling alley dining room out in the San Gabriel Valley. During the course of the luncheon I leaned over to the man and I said, "Did you want me to say anything here?" "Oh," he said, "of course I do." I said, "Well, would you like for me to just say a few words or something?" He said, "Well, you have about a half hour." I said, "Well, who's your main speaker?" He said, "You are." [laughing] So during the course of the lunch I felt that I had to tell these several hundred men what I had on my mind!

Another time I went into a shop where the format was that the superintendent would take me around to shake a few hands, and tell them that I was running for Congress, and ask them if they'd choose to vote for me. When I got there the man who owned the plant said, "I've decided to shut down the plant so that everybody can hear you. Now we don't have any PA system, but would you mind standing up on that drill press there? We'll have them all surrounding you in the shop."

Well, they were 360 degrees around me, so I simply had to keep turning like a bobbin talking with them, you know, knowing perfectly well that these were blue-collar workers, most of them registered Democrats.

I began to tell them what my viewpoint and my philosophy was. It was encouraging to me that several of them got me aside after a while and said, "I can't say it too loud, buddy, but you're on the right track, that's the kind of thing we need."

I was trying to be candid and forthright in saying what was going on in government and, "It doesn't matter whether you're a Republican or a Democrat, we've got too much government. We've got to do something to limit this government."

Walton: Anyhow, we went through all this, and on election night it wasn't until about 1:30 in the morning that it was decided that I had lost.

Sharp: You're speaking of the primary now?

Walton: No, I'm speaking of the general. In the primary, as I remember it, we had nine other candidates and we got more votes than all of them put together, because we had a real organization. We had one of the finest organizations ever put together. The Republican National Committee came out and felt that I had a losing district. But by the time they saw what we had organized they said, "This is the finest organization we've seen put together in many years."

Incidentally, there were two gals that ran my campaign. It was the first time they'd done anything professionally in politics. They'd always been amateur precinct workers, and I paid them as political campaign managers. They set up their firm for the first time on my campaign and I couldn't ask for better. If I were to do it again I'd go back and get the same gals.

Sharp: Now who are they?

Walton: Shirley Diehl and Patti Bates. You know, it was really a Democratic sweep in all the offices in that year, in 1964, because Goldwater was running and I was running on the ticket with Goldwater, of course. It turned out that we got far more votes in our district than Goldwater got and we came up with 46 percent of the votes in this district, so, you know, it was kind of a moral victory.

But about midnight, when there was still a question as to whether we were going to win or not, I turned to my wife and I said, "It would just be my dumb Irish luck to win and be the only Republican back there! It looks like they're all Democrats."

[brief tape interruption after telephone rings]

Sharp: So you were sort of assessing your curious victory!

Walton: Yes. I had spent a year, of course, working for this election, because I started about February and worked right on through the election in November.

After that I felt the need then for earning some more money, so I had to scout around to see what I was going to do. I didn't have enough funds to go into the steel business on my own, but I knew something about chemistry so I went into the chemical distributing business. I set up a small warehouse operation selling disinfectants and detergents and insecticides, fungicides, industrial odor counteractants, and things like that. I spent a few years at that, and that grew to be fairly successful. I was able to put a manager in that, and once again I was free to sort of do things.

Walton: But I should tell you that in 1966--now it was 1964 that I ran-- Ronald Reagan was coming to the San Gabriel Valley to kick off his campaign for governor. I was asked, because of the name recognition that I had there and the following that I'd built up in that district where I had run, to be the master of ceremonies for that dinner, which was the kickoff for his first gubernatorial campaign. That's where I had my first encounter with Ronald Reagan and Nancy Reagan.

II THE BUSINESS AND TRANSPORTATION AGENCY, 1971-1974

The Appointment Process; Notes on Reagan as a Political Leader

Walton: I never saw them in a face-to-face contact for several years after that until I was being interviewed in his office for the post, and that was in '71. Well, here I was operating the chemical business, and a friend of mine called me from Sacramento, one who had worked with me in my 1964 congressional campaign. He was now working in Sacramento.

Sharp: Who was that?

Walton: His name was Lewis Uhler. [spells name] He called me and he said, "Would you like to work in the Reagan administration?" I said, "No." He said, "You wouldn't?" I said, "No, I'm working down here. I'm not looking for a job."

But he said, "I think this is one that you would fit very well." I said, "Well, you haven't even told me what it is." So he went into some detail, he began to explain the job. I said, "Yes, I would consider that, that sounds like something that I'd like to get my teeth into."

Sharp: Now that was the agency?

Walton: Yes, that was secretary of Business and Transportation. He spelled it out as well as he could what the job entailed, so I said, "Yes, I'd be interested." He said, "Would you be willing to come up here for an interview?" I said, "Yes, I would." He said, "Well, you'll hear from the governor's office then."

So some time went by, and I don't know whether it was a week or a month, but I got a call from Ned Hutchinson, who was the governor's appointment secretary at that time. He asked me if I could come up there. I did, had an interview with Hutchinson, and he said, "You've got all the qualifications that we've been searching for."

Walton: Now Gordon Luce had been in the job, and Gordon Luce had left the job to come back to San Diego.

For a short time there had been James Hall who went in to take that job. James Hall had been the Superintendent of Banks before that under Gordon Luce, and he was elevated to the post of secretary when Gordon Luce went out.

Then what happened was that they had the tough job of tackling the Health and Welfare Department. They wanted a strong secretary in there who could really organize and dig into the problems and get them solved, so they persuaded Jim Hall to go from Business and Transportation over to Health and Welfare. He did it on the condition that he could take the people that he hand-picked to go with him.

Well, that left the Business and Transportation Agency in the hands of his deputy, Brian Van Camp, as an acting secretary, and that went on for probably six months, I guess.

They were looking for someone in Business and Transportation that had the strength and background of business administration, I believe. They were looking for a professional manager.

Well, the discussions and the interviews and the visits back and forth to Sacramento went on for some time, and I was just about ready to give up on the idea. I was, candidly, a bit disenchanted with the way that they were handling things in having dealt with me, because they just never seemed to be decisive about what they were going to do. I kept saying, "When do I get in to see the governor?" Well, I was dealing with the others in the operation without getting in to see the governor.

I had about written off the whole thing and told my wife, "You can forget about going to Sacramento, we're going to stay right here."

One day out of the clear blue I got a call from Mike [Michael K.] Deaver, and Mike said, "Could you come up here and see the governor tomorrow?" I came very close to saying, "Hell, no."

Sharp: Just too much.

Walton: Yes. You know, I thought, "Enough of this nonsense." But I caught myself in time to say, "Do I really get to see the governor tomorrow?" He said, "Yes, you do." I said, "Well, that's what I've been trying to do for months."

So at the appointed time I went up, and I was told, "You are one of three finalists in the choosing. There's no assurance that you have the job, but you have to vie with the other two. The governor

Walton: will spend ten minutes with each of you. Tomorrow he'll call each of you and tell you the outcome.

So I went in to see the governor, and I filled up that ten minutes just as thoroughly as I could. Mike Deaver was there and Ed [Edwin] Meese [III] was there. The governor said to me, "Is there anything that you see on the outside that we should be doing?" Well, I made what I thought was a terrible mistake. I said, "Yes, there is," and I really unloaded, told him the things that they were failing to do in the state and in the Republican party and so forth, and that they weren't exerting leadership as I saw leadership.

I came back, and my wife said, "How'd you make out?" I said, "Well, I blew it." She said, "What do you mean you blew it?" I said, "Well, he asked me a question, and I unloaded the frustrations of the last several months of indecision, and I just lowered the boom on him."

So I said, "You can forget about that, we're never going to Sacramento."

Well, the next morning we were sitting at breakfast at about 9:15 or 9:30, I guess, and the children were there. The phone rang and my wife said, "It's the governor on the phone." I said, "I'll take it in the office." I went into the office and I picked up the phone, and he said, "Good morning, Mr. Secretary." I let out a war whoop and I said, "Yippee!"

He said, "How soon can you come up?" I said, "I'll be on the afternoon plane."

He said, "No, you don't have to do that. How about next Tuesday? Let me have you talk to Ed Meese. Ed's going to be down there next week and maybe you can fly up together and he can brief you."

Well, that was the beginning. On Tuesday, Ed and I did fly up together, and he told me what to expect when we got there, and that we'd go through the introductions and so forth.

Sharp: When you were unloading, telling Mr. Reagan what you thought was wrong, were you as much concerned about some of the business ideas that you had, or were you more concerned just about the apparent indecision in your appointment process?

Walton: No, it had nothing to do with the indecision about how they had dealt with me. I didn't even touch on that for a minute. I didn't raise the slightest complaint or criticism about the way they had conducted themselves with regard to me, but only how I felt they had

Walton: failed to take strong leadership in the state as a new administration taking over after several years of an administration that felt quite differently philosophically. That's really what I was telling him. I was also telling about how the Republican party was out there asking for some direction and some guidance and it wasn't coming from the governor's office. I said, "You're the titular head of the party and you should be guiding that course."

Sharp: There's one idea that Mr. Reagan's relationship with the party as a party was never really very strong anyway, so in a sense you might have been asking for something that wasn't a real issue.

Walton: But, you see, I didn't know that. I was ignorant of that at the time. I was pretty naive about any feelings that he would have with regard to the party.

Now the fact is that I think Reagan even at that time was very much interested in the party, and very strong and supportive of the party, and would like very much to have seen that corrected, but was never enough of a politician to know how to do it. He wasn't one who knew how to deal with party matters as party matters.

Sharp: Even though he could speak and do all those sorts of things?

Walton: Sure, sure. Because I don't think he understood working down through the structure of a political organization. He might know a great deal about the structure of the state central committee and the county central committee and that sort of thing. He might know a good deal about how that looks on a table of organization, but as to having walked the course and having walked the streets and having come through the chairs and that sort of thing, he didn't have that. So I don't think he ever really grasped how that worked.

I think that was always left to somebody else. Somebody else picks up the political organization, puts the package together, gets the volunteers, gets the paid workers, rents the offices and so forth. Of course, that's the way it should be for someone at the top.

The only thing I'm saying is that there was never, as I saw it, the intimate familiarity with that that said, "I would know how to do those jobs myself if I were called upon to do them, so therefore I'd have a measure of how well those jobs are being done, and I can identify weak spots." Now I say that in contrast to the professional politicians of both parties, you know, Democrats or Republicans.

##

Walton: It is immensely helpful to have the field experience when placed in the role of a leader who is having all these things brought to his attention as any administrator or any field general would be. "How's the artillery doing? Where's the infantry? What do we have in the way of reinforcements? What are we going to do if this doesn't work out?" You know, that sort of thing. I think there are other Republicans that I have known and other Democrats that I have known, haven't known personally but whom I've observed, who had that feel because they came up through the steps.

Sharp: Well, it's certainly very different, especially with Mr. Reagan's use of Spencer-Roberts and other professional political management firms. In some respects there's a certain amount of competition between the party structure and the professional political management groups because their goals are not always necessarily the same.

Walton: Yes, I'm not sure of the history of this, Sarah, but it seems to me that we've departed from something that I thought existed before at least, and that is that the leader of a party was working with the party and that the party's organization was the candidate's organization. In recent years, well, I'd say the last fifty years, we seem to have departed from that, if in fact it ever did exist.

Where Nixon has to have the Nixon team, and the party team is over here doing something else, and once in a while they coordinate.

The Reagan team is out there getting Reagan elected, and the party team is over here getting somebody else elected.

It seemed to me, unless I was just naive at the time, that that was one and the same, that the party organization got everybody elected if they did get elected.

We began to get away from that and we began to get into this sort of personal organization that says, "This is for me." I've got to confess that I did a bit of that myself when I was running for office, but I wanted to help all the other candidates. I gave them time and space and money and platforms; I spoke out for them. I was with them all the time because they were running for an office in the state while I was running for a federal office, but nevertheless we had a great deal of cooperation.

At the same time, I always gave a little more deference to my own organization. I was always concerned about the Walton organization and how well it did in its campaign because my primary objective was to get Republicans elected.

Issues for the Agency: The Gas Tax and Evolution of a Department of Transportation

Sharp: I'd like for us to move on and talk about your work in the secretaryship. It seemed to me as I was putting this together that it was a particularly interesting period to be heading the Business and Transportation Agency because of some of the issues that were coming into the foreground in California with respect to transportation--highway concerns, and so on. In addition to that, there's the increased awareness of the public in different environmental groups of just what toll perhaps some of the development methods might be taking on the state. You might have been seeing the beginning of some opposition that simply wasn't there before, even before the sixties.

One of the things that started really before you came in was Proposition 18 in 1970.* Of course it was defeated, but it began people thinking about the possible use of the gas tax, what use might be made of it in terms of mass transit. There were quite a few bills in the legislature after Prop. 18 was defeated trying to get the same thing done. I wondered if you might have dealt with that fairly early after you became secretary of the agency.

Then I have quite a few questions about Mineral King and some of the other issues.

But the issue of the gas tax, was that something that was right on your desk, waiting for you as you walked in the door?

Walton: Yes, it was. Now I wasn't intimately familiar with all those bills at that particular time, but it took some cramming, and it was necessary to get acquainted with them.

Of course, the one that was moving most strongly was SB 325, which was the senate bill by Jim Mills.** That came to my attention before I was even confirmed in my job.

*On the November 1970 ballot, Proposition 18 would have allowed counties to use up to 25 percent of the revenues they generated for the construction of mass transit systems with a majority vote approval.

**SB 325 applied the sales tax to gasoline, lessened the share the state would have, and said that regional transportation services could tax to make up the difference. See California Journal, May 1971, p. 144 for additional details, "Proponents Divided on Public Transit Funding."

Walton: My confirmation had to come from a committee that was headed by Jim Mills, and when SB 325 came to my attention I didn't like it. I didn't like 325, and I told the legal department of the Transportation Agency, and they said, "Gee, if you feel that way, Mr. Secretary, you'd better get the word to Senator Mills as soon as you can because he should know that and that's only fair. That's the way that we do business around here." I remember it very well. Here I was facing confirmation before Jim Mills and I had to go tell Jim Mills that his monumental bill was one that I was going to oppose.* I went seeking him and was told that he was on the senate floor, but that he could be called off the senate floor. Well, he was presiding over the senate as a matter of fact.

So I went into the senate chambers and sent word that I'd like to talk to Senator Mills. He came down off the podium, came to the back of the chambers, and he said, "Yes?" I said, "Senator Mills, I'd like to introduce myself," and I did. I said, "I have studied your bill SB 325 and I thought it was only proper that I come and tell you that I'm going to oppose it." He said, "You're speaking for the governor?" I said, "No, I'm not. I haven't spoken to the governor about this." "Well," he said, "when you speak, you speak for the governor." I said, "Well, I'll be as strong as I can in telling the governor that I oppose this bill." He didn't ask me why, he just said something about, "You're going to face the damndest donnybrook you've ever seen," or something like that.

As he walked away he sort of turned and waved to me as he was going down the aisle. I thought there was something ominous about that. I thought I was going to have a short-lived career in government. I thought the handwave was one that said, "You won't be here long." As I faced confirmation I wondered if he would have his retribution right there, but he was the soul of gentility and politeness, and I was, of course, confirmed with all flags flying.

Nevertheless Jim knew that I was opposing his bill, and I opposed it all the way. I opposed it against people who would ordinarily have been my supporters, but my opposition was not because I didn't want it to go to mass transit. My opposition was because it was going to be a new, heavy tax placed on the people of the state of California and I opposed that.

*Readers interested in Mills's ideas may see his interview, "A Philosophical Approach to Legislative and Election Realities, 1959-1981," in the Assembly, the State Senate, and the Governor's Office, 1958-1974, interviews conducted in 1979-1981, Regional Oral History Office, The Bancroft Library, University of California, Berkeley, 1982.

Walton: I said, "That's a minimum of \$180 million more in taxes that people are going to pay. I can't come into this post after all that I have said and stood for and immediately support something that subtly puts \$180 million more taxation on the people of this state. Part of my reasoning in coming here is to try to reduce the burden on the people, not increase it."

But another thing that I was learning very quickly was that so much of that kind of money just gets lost in the bureaucracy. You know, you say it's going to go for mass transit, but it's so difficult to find how much of it gets where the rubber meets the road, how much of it gets into rail systems and buses and helps for local communities. So much of it goes into studies and consultations and hiring people to do things and re-invent the wheel. The shelves are just filled with dust-covered studies that never went anywhere.

Sharp: There was also the issue that I guess Mr. Reagan was concerned about, that there truly be local interest in the mass transit. There was opposition by Mr. Reagan, and also by the State Chamber of Commerce and others, to the development of mass transit unless there was significant local support for it. Were you feeling some of that too or were your concerns more limited to the budgetary--?

Walton: At that particular point, I was so new on the job that I wasn't aware that his opposition had come because of his concern that there wasn't any local involvement. Philosophically I would have been very much in tune with that because that's the way I believe, that these things should be locally decided, that the farther you get away from the people the less concern for the people's viewpoint government has. I would have been very much in tune with that.

Of course, when I began to lead the fight for the construction of a Department of Transportation and AB 69, I led the whole effort to see that local decisions entered into this. That whole thing came under my agency's aegis and my leadership, that AB 69, including asking Assemblyman Wadie Deddeh (now Senator) to carry the bill. We wrote the bill for Wadie and asked him to carry it because he was then chairman of the Assembly Transportation Committee.

Sharp: Was that fairly early too? Was that '71?

Walton: That could have been into '72 by then, Sarah, because, you see, what had happened was there had been several faltering efforts and abortive efforts to work toward a Department of Transportation. What had happened is that various departmental factions in Public Works, and also county and city representatives, got into so much in-house jargon and so much of talking to themselves and one another they didn't have the kind of strong leadership that said, "You have to give in on that in order for us to get some way to go, you are poles apart and we have to have some more harmony in this thing in order to do it."

Walton: Already working in the operation was a paid consultant, McKinsey and Company, and their man was James Balloun. [spells name] James Balloun was a partner in McKinsey and Company.* I'm not sure he was a partner at that time, but he was working with the Public Works Department. He'd done several different kinds of jobs there. One of the things that he was being asked to do was to try to help structure some means of developing a Department of Transportation, what it entailed, how many difficulties would be faced, and how many organizations and people and levels of government had to be contacted and that sort of thing. He had done some of that work.

When I came into the picture I saw the wisdom of developing a Department of Transportation. I couldn't see why we needed a Department of Public Works, a Department of Aeronautics, a Department of Traffic Safety, and a department of this and that. So I felt that we should have a Department of Transportation, and I so said.

Jim Balloun then said to me, "If there's going to be a Department of Transportation, there's only one way that it can be, and that is for you to take the leadership. You're the only one that has the strength, the power, and the determination to get it done. Otherwise it'll always get tied up in the bureaucracy."

He said, "If you're going to want it done and will see that it gets done, it means a great deal of your personal involvement, personal attendance at meetings, personal chairing of meetings, all up and down the state." I accepted that, and I did that. I think he was right. I think time proved him correct.

If it hadn't been for that sort of strong leadership, and even occasionally having to bump some heads and say, "Now, you've just got to change, there's no way that we can keep doing what we've been doing," it wouldn't have happened. I think that that was largely responsible or helpful at least in getting a Department of Transportation developed.

Sharp: Even though that meant, from what I have seen, some reconsideration of the power of certain groups, like the Highway Commission. If you were going to have a Department of Transportation, then the Highway Commission's responsibilities had to be somewhat curtailed or at least somewhat different.

*Mr. Walton confirmed that McKinsey and Company, Inc., is an internationally recognized firm in management consulting. They worked with other departments in California state government in addition to the Public Works Department.

Walton: Well, you see, you're perceiving there part of the difficulties that we faced. We had to go to the Highway Commission and get them convinced. We had to go to the state Transportation Board and get them convinced. We had to talk to anybody who was involved with the California Toll Bridge Authority, your various levels of government, the councils of government, all the different groups that existed at all layers, and it took a lot of convincing.

You know, I told you before I had my first experience in selling when I went with Jorgensen Steel. I never had more experience in selling than I had in trying to develop a Department of Transportation. I guess if there were anything that I could call sort of a personal monument, that might have been it. Not that I came in with the idea, I didn't; I simply just inherited the idea from those who were trying to do it.

They wanted to call it CAL-DOT; most of the people there had in mind calling it CAL-DOT. I said, "No, no. No, we don't parrot the federal government, we operate on our own. We'll have to find another name." We ultimately came up with CALTRANS. Every time I see the CALTRANS emblem on all the trucks and the jeeps and all the rest, I remember the day that we put all the designs up on the wall in front of me and I picked that one out and I said, "That's the one we'll go with."

Sharp: So now you see it riding around all over the road!

Walton: [laughing] Yes.

Sharp: I want to ask you about other things, but let's go ahead and talk a little bit more about the Department of Transportation. Now, that was actually opened, I guess, July of '73, at least that's the timetable that I saw.

Walton: I wouldn't know the exact date, but that sounds plausible.

Sharp: Neil Dunham was a deputy director of the Department of Public Works at that point. He's credited with doing some of the coordination of shifting from the Department of Public Works over to the new Department of Transportation.

Walton: He was the day-to-day, hour-to-hour working coordinator of this whole thing, a brilliant guy and really knew his way around in government, a very reasonable kind of man, and one who had the sense of knowing that certain people should be informed about certain things, keeping me well apprised of all that was happening, never having any reluctance to tell me that he didn't agree with me on something. I gained a great deal of admiration for him.

Walton: He was a career civil servant. He was one of several deputies, he was not the deputy. He was one of several deputies to James Moe at that time.

Dunham did a superb job because Dunham knew how to create the organizational structure, he could set down the table of organization.

He would accept criticism and change, and you'd simply blue pencil a few things, and say, "We don't want it this way, we want it another way." He might even argue with you for a little while and ultimately accept, but he was a good man to work with, an excellent man to work with. I've often wondered where he is now.

Sharp: That was my next question.

Walton: I haven't seen him in a long time. I've kept in touch with James Moe, and I've kept in touch with a couple of other people like that that I run into from time to time.

Sharp: We're looking for a few other people to talk with about some of the transportation issues. I was wondering about Mr. Dunham and then Mr. Moe, that he might be--

Walton: He's in Saudi Arabia. He's with Bechtel Corporation and he's over there on assignment for a few years.

Sharp: Well, maybe we can get him once he comes back.

Walton: Oh, that's good, and he would probably be in touch with a lot of other people. Another man that you ought to try to get hold of is Bob Dattel, who became the highway engineer up there, Robert J. Dattel. [spells name] I think he has probably retired from state government by now, but somewhere in there you'll find people who know how to reach these others and perhaps have followed their career. I'll tell you one that you could see is Bob Best, now with the Pacific Legal Foundation in Sacramento.

Sharp: Mr. Moe became the new head of the department, if I have that straight.

Walton: Yes. He had been the director of Public Works and he became the director of the Department of Transportation.

Sharp: And he also was a member of the Highway Commission along with you and Verne Orr?

Walton: No, you're thinking of the California Toll Bridge Authority. See, none of us had a membership on the Highway Commission.

Walton: The Highway Commission was autonomous and independent. One of the little known things, Sarah, and I don't know whether it's pertinent to your work, but the Highway Commission was an arm of the legislature; it wasn't an arm of the administration. The legislature created the Highway Commission to do its highway role for it of determining how those gas pump funds would be used for the benefit of the state of California and its people.

I found that I had to call the attention of legislators to that every now and then. They'd say, "What are you doing with your Highway Commission?" I'd say, "That's not our Highway Commission, that's your Highway Commission, that belongs to the legislature."

Moe was not a member of the California Toll Bridge Authority, but I think he had the post of the executive director of the California Toll Bridge Authority, whereas Verne Orr and I were both members. I was the chairman because that went with the job.

Sharp: How did the Toll Bridge Authority fare then with the creation of the Department of Transportation?

Walton: Well, that brings us back to what you were saying before. In the creation of the Department of Transportation we didn't design it in such a way as to see these boards eliminated. We designed it in such a way as to keep them in the picture. So we kept the Highway Commission in the picture, and we kept the California Toll Bridge Authority in the picture, and we kept the State Transportation Board in the picture.

Well, the State Transportation Board became completely autonomous at that, and they became the super board for the whole state. The State Transportation Board was chartered to develop a plan for the whole state for transportation, so it became sort of the super board for the state.

The Highway Commission still remained intact and was to operate in much the same fashion as it had before, very little if any change as far as I know.

The same way with the California Toll Bridge Authority.

It was in the [Edmund G.] Brown [Jr.] administration that legislation was presented to eradicate those, and that came after us.

Sharp: I had seen a note about some problem with the slowing down of federal funds coming into California during this period.

Walton: Well, during the [President Richard M.] Nixon administration, Nixon was of the opinion that if he did not impound some of these highway funds which had flowed through the pumps of the United States and had come into the federal coffers, that he was going to feed the fires of inflation.

I happen to think that that was strange economic thinking, but nevertheless he felt that pumping back that money would cause greater inflation. That's sort of a superficial view of the cause and effect of inflation, in my view.

It's the same sort of thinking that caused him to accept wage and price controls, which has been a failure since the time of Egypt and its empire.

He withheld something like \$4 billion that belonged in California, he impounded that. So this was a cut-off of federal funds. Now the only thing that we could do to cope with that was to always be ready with plans and programs and highways to be built as soon as any federal funds were released.

If notification came to us that there were going to be \$10 million in funds available: "Do you have anything you'd like to do?" California always said, "You bet." We could present concrete, tangible plans. We always kept ourselves ready and vigilant in that respect.

[During the transcript review process, the interviewer-editor asked Mr. Walton, "What was the role of Vernon Cristina and the California Highway Commission in the development of these plans and programs?" His answer follows.]

Walton: He was the chairman of the commission. The development of plans and programs was all done by the Department of Public Works (under Moe) and submitted to the commission for approval. The commission would accept, alter, or veto. Usually accepted.

[transcript resumes]

Walton: The only two other states that I knew that were successful at that were Florida and Texas. Most of the states didn't have anything available, so when they were told there was federal money, they said, "We'll have to get ready to use it."

We were always ready to use it, so we never missed when those funds were released. But the Nixon administration did deprive us of those matching funds, and those funds belonged to California because presumably they had flowed out of the pumps of California.

Environmental Considerations and Transportation Development

Sharp: Along with these agency shifts and the issue of funding for the highways came some of the environmental considerations and the development of some real, genuine opposition by Sierra Club officials and other groups as well.

One of the more notable ones, there are a couple, is Mineral King. We've done a little interviewing about it, and I have a brief understanding of what Mineral King was and what the disputes were, primarily involving a recreation development by Walt Disney.* As I understand it, one of the main issues with the relationship to the development was access, whether there should be a road or whether there should be a cog railway.

Walton: Or an overhead trolley.

Sharp: Or the overhead trolley--what method was going to do the least damage to the environment. I guess there were some feelings supporting several of the different ideas. I wondered if you could recreate the controversy, just how you saw it.

Walton: I don't think I can because my memory doesn't serve me that keenly right now. I do remember that I felt that the ideas of coming up with a cog railway or an overhead trolley were just sort of straw men that should be shot down because there was no way that you could move any visitors into a recreational area by that process with any sort of facility. It never would have been, you know, it was just, to me, totally implausible.

*"Mineral King" refers to the controversy in the late 1960s over the development of an outdoor recreational project and resort by Walt Disney in the Mineral King area of Tulare County, an area surrounded by the Sequoia National Park, and the construction of an expensive, state-financed access road. For a full discussion of this controversy, interested readers may see, Norman B. Livermore, Jr., Man in the Middle: High Sierra Packer, Timberman, Conservationist and California Resources Secretary, an oral history interview conducted 1981-1982, Regional Oral History Office, The Bancroft Library, UC Berkeley, 1983; and an interview with Vernon J. Cristina, "A Northern Californian Views Conservative Politics and Policies, 1963-1974," in Republican Campaigns and Party Issues, 1964-1976, Regional Oral History Office, The Bancroft Library, UC Berkeley, 1986.

Walton: I felt there was either going to be a facility there that was allowable and one that could be reached by road or there wasn't going to be. To me it was as simple as that. Why don't we just eliminate all this other falderal and get down to that point?

But, of course, that's not the way of groups and government, you know, there have to be a lot of side trips and a lot of other things thrown into the picture.

Sharp: Well, I understood that there were a couple of meetings. There was some governor's office discussion of Mineral King and the road. Apparently there was a gathering in Mr. Meese's office with Ike Livermore and Jim Jenkins and you, talking with Mr. Reagan over the phone because he must have been out of town. There was a poll taken, and a majority then approved withdrawal of the plan for the road and that was sort of the end of the controversy.

Walton: I don't remember it that way. I don't remember it very well at all, but I know that the secretary of Resources, Ike Livermore, and I were in conflict on this one; we disagreed. There were several discussions about it over a period of time.

It wasn't so much a matter of specifically whether you would or would not build the road, it was that there was a right of way, as I recall it, that would have allowed for a road to be put up there. It was a question as to whether that right of way would be taken out of the highway system. I think that decision was made, to eliminate it from the highway system, and in an open cabinet meeting, if I recall it correctly. I'm pretty sure of that.

I don't remember the telephone call with Reagan being at one end and the rest of us being in a room somewhere. I'm quite certain we were at a regular cabinet meeting and the thing came up as a cabinet issue, whether we would or would not.

I opposed the elimination of the right of way because I said, "That doesn't mean that a road is going to be created. It only means that we can if we ever need to, but if you take it out it will never go back in."

But, of course, there was the substantial moral victory for the forces that were against it because they said, "If it gets out of the system we never have to worry about it again, so we won our case."

I was trying to present a case on logic, knowing perfectly well that that doesn't work very often in government, but I was trying to use logic to say, "Leave it in, it isn't going to hurt anything." Perhaps it was sort of a concession to be able to say, "Okay, let's not fight it, let's take it out, we're never going to build a road anyhow."

Sharp: Another issue was something that really had to do with the Tahoe Regional Planning Agency and further development of Harrah's. There was some question about the number of stories that Harrah's should go up to. I think they wanted to go up to twelve, and there was some consideration that they shouldn't go that high. I wondered if this is the sort of thing that also might have come up in the cabinet and might have seen some sort of roundtable discussion within the cabinet.

Walton: No, I don't ever remember that one.

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Walton: I don't know why the state would have a part in deciding how high Harrah's ought to be built.

Sharp: Well, there was significant opposition from different environmental groups, so it was a controversy that was pretty out in the open and pretty outspoken--

Walton: It might well have been. I just don't see why the state would have had to take a stand at all. If the state didn't have to take a stand it probably would not take a stand.

Sharp: There're plenty of other things to worry about?

Walton: [laughing] Yes, that's right.

Sharp: Generally, I guess I would think that you and Mr. Livermore probably would be on opposite sides of some of the development considerations.

Walton: Several issues. We were good friends, and we kidded one another often. We respected and regarded one another quite highly, we enjoyed each other socially; we were often at opposite ends of a viewpoint, but we never let that interfere with our mutual regard and respect for one another. I say that very genuinely. That's not just some puff that I'm throwing in here to make it sound good.

Representing the Governor

Walton: I think one of the things fundamentally that gave me a problem there in dealing with Ike Livermore is that he felt that his role was to represent the environmentalists at the cabinet table. He told me that one time. I said, "No, it isn't your job to represent the environmentalists at all. You were appointed by Ronald Reagan, you're an extension of the man who was elected to office, that's all you are. You're not there to represent some outside viewpoint.

Walton: "I'm not there to represent business or to represent the transportation elements of this state. I'm there to represent Ronald Reagan in doing what he told the people he was going to do, or try to do, and to help him do it." This was my feeling.

So he never agreed with me on that. He always felt that there had to be a voice at the table for all the various special interest groups.

I didn't feel that way. I felt that I had to conduct myself as if I were Ronald Reagan having been elected by the people of the state of California to do what I felt Ronald Reagan had promised to do or was trying to do.

Sharp: Were you sure you could do that?

Walton: No, I wasn't, but I felt I had to try.

Sharp: Did you feel pretty comfortable that you knew?

Walton: Yes, I did. I felt that I never had to consult him on any move that I made with regard to whether it was in accord with his viewpoint or not. And I say that pretty comprehensively, that rarely did I ever consult with Ronald Reagan as to what action I should take on anything.

Sometimes I'd take an issue before the cabinet and present it to the governor with all the cabinet present because it was an issue that we all should have had a voice in, we should have resolved. I would state a strong view for my position, and maybe win, maybe lose.

But if I had to act autonomously at any given time on whether we should or should not do something, I would simply speak with what I felt was the voice of the governor. When I dealt with matters in Business and Transportation and the development of the Department of Transportation, people would say, "Will this work?" or "Will that work?" I'd say, "No, that's not Ronald Reagan, you can't do that."

Sharp: Were you always right?

Walton: No, I don't know whether I was always right, but I don't think I was ever wrong to the point that it gave me a problem or it ever got me into a pickle, you know. It came out pretty well. The average was pretty good, I guess.

That came up oftentimes when you'd have a statement of a Reagan policy that had to be got out, and that was in the blue cover books that you perhaps have seen. There'd be a heavy pamphlet kind

Walton: of thing, eight and one half by eleven, and we would have long work sessions well into the night to work those out. I would have to take a stance against other members of the cabinet perhaps, and sometimes Mr. Livermore, and say, "We can't put this out under Ronald Reagan's signature; he doesn't believe what you're saying here," until it got changed.

"True Conservationism"

Sharp: I don't know if you remember this wind-up session that Mr. Meese chaired in 1972. You were there and there were quite a few other people who were agency secretaries or governor's office people. It was taped and you were all sitting around doing a little quarter-backing on the eight years and the accomplishments of the administration and so on. Everybody got to talking about some of the environmental issues and the examples were Mineral King, the Minarets Road--

Walton: Minarets Summit, yes.*

Sharp: Summit, and some of the pollution topics. You answered in sort of a form of a question. You said something like, "What would have happened if we hadn't done anything? If we hadn't considered some of the environmental matters?"

I wondered about how you felt about some of the issues of environmentalism and all of the questions that the environment brought in?

Walton: Well, one of the difficulties that I had and I think we still have to some extent, but much more so at that time, is separating true conservationism and true regard for the natural resources as against those who said, "I will use that as my platform in which to stop the world and slow down the economy, or to stop the population," or whatever else.

What I was saying all the way through the administration is, "Is it a valid issue? Is it a valid question that's being raised here, or is it something just to get us off course on something else that we're trying to do? Is there some ulterior position that's being taken here that's a little hard to identify?" That's the main thing I was after.

*For much additional information on Minarets, see Livermore, Man in the Middle, especially pp. 85-94.

Walton: I had no quarrel with anyone who said, "We want to protect the beauties of this state," because I feel very strongly about the beauties of the state.

I felt that sometimes we got into rather ridiculous positions when we said, "Well, this is an endangered species;" when we said, "Well, it may be an endangered species but does that matter whether it's an endangered species?"

I simply once again said, "Let's look at all the logic of it. Suppose that species goes out of existence, what harm does that really do in the final analysis? I mean is that something that really upsets the eco-chain or what does it do?"

Because of raising questions such as that I would sometimes be accused of being anti-environmental, and I was never anti-environmental. I was really simply saying, "How valid is your point? How valid is your argument?" If you said, for example, "Well, this is the last of the dinosaurs, and so we have to preserve them somewhere," you know, or maybe, "This is the end of some small species of animal somewhere," well, so what? That's been going on through the process of evolution since the beginning of man.

For us to attempt through the efforts of government to preserve every iota of that, I say that takes it to an extreme. I don't know where you draw the line; I find difficulty in drawing the line, sure, I think anybody would.

But I would only want to pose those questions and say, "Let's find out the validity of this position and this argument."

I think probably one of the things that I was taking into government that was a little bit different was the analytical approach to things, just trying to analyze: "What are we really looking at? Let's get it all into focus and then we can make a clear decision."

Sharp: The first California Environmental Quality Act was passed in 1970. There was some feeling that it went off the deep end, that there was a certain hamstringing of business, that it was too limiting. During the period that you were secretary, was that particular act something that you needed to deal with?

Walton: It might have been. I think I came in without enough knowledge to see what sort of impediments that might have caused. I don't remember during the course of my tenure that that per se represented any insurmountable obstacles along the way. I mean I don't remember having said that California Environmental Quality Act was something which in itself gave us a real problem. I don't remember that.

Sharp: There were in this period beginnings of challenges to the power of environmental groups' efforts. The Pacific Legal Foundation, for example, that worked out of Sacramento, was involved in some of the challenges. Also, the Orange County Council for Environment, Economy, Employment and Development worked to have the Coastal Zone Protection Act, Prop. 20, declared unconstitutional (it passed in 1972), as a violation of individuals' property rights. I'm wondering if you came into contact with any of those groups and what you might recall about some of those efforts?

Walton: Well, I definitely came into those groups. I knew people in the Pacific Legal Foundation and I knew people in that Orange County outfit, not well; I knew Pacific Legal better than I knew the Orange County bunch. But the Orange County group had me down there to talk to one of their annual meetings I remember, and they had a group made up of labor and management and developers. They had quite an incongruous group that they'd put together supportive of their position. I don't know that I ever took any stance one way or the other with them.

I mean, I believe in development and growth and a strong economy, but at the same time that you just don't pave over the state or you don't destroy everything in sight to bring it about. But I was looking for balance always.

Sharp: I guess there was some feeling on the part of these groups that at least there was some local sympathy for the construction industry and growth in general; some feeling that the environmentalists had gone too far, that increased awareness of the environment was, well, it just needed to be weighed somehow.

Walton: I think one of the things that was a consideration was how much it was costing the person who wanted to buy a home after getting married, or how much it was costing a person who wanted to change something in his community; how much it was costing for all the amenities that go with the building of a house or whatever, because all these things just got loaded on as higher cost. Every time that you had to have an environmental impact statement, that was another cost. Every time that you had to do a hook up with a sewer, that was another cost.

All the things that went into it were built up, and communities were beginning to latch onto some of these as environmental considerations in order to get money into their own coffers. They'd hang it on the contractor, and the contractor would hang it on the home buyer.

So, you see, my viewpoint was not with the contractor, not with the city government, but the home buyer. My thinking was about the people. I said, "I don't work for Ronald Reagan or for the state

Walton: government of California, I work for the people of California. Ronald Reagan gave me the privilege of working for the people of California, and I'll try to work for them in the way that he promised the people he wanted to work."

Sharp: So as secretary you saw yourself representing Mr. Reagan to some extent, but also a kind of constituency--

Walton: Always Mr. Reagan, but always the taxpayer of California, for whom Mr. Reagan was working and I was working. See, I never saw myself as working for some sort of entity called "the government," but rather working for the people that hired him, and he in turn extended himself by hiring me into that government.

Sharp: But you're selecting a certain kind of constituency that you're supporting.

Walton: Not exactly, not exactly. I'm trying to say, if you have an environmentalist view, let's hear it. If you have a contractor's view, let's hear it. If you have a local cities' view, let's hear it. Now, let's see if we can't get those things resolved. How much can we work together here? How can we see that everybody's interest is in some way served? Maybe not 100 percent served, but in some way served, so that finally we benefit the people. And, you know, imperfectly!

Sharp: Yes, well, that's government.

Walton: It's human nature too.

Sharp: Yes. What about the work of the state Chamber of Commerce? They're interesting as a group, and I'm wondering about the legislative advocacy that the chamber has been involved in. One of the people who you might remember was John Hay.

Walton: Very well.

Sharp: Executive vice-president.

Walton: And George Saunders and all those fellows.

Sharp: I'm wondering what sort of relationship you might have had with them?

Walton: Well, I think they saw me as a pro-economy kind of person, and didn't see me alone; I wasn't the only one that they felt that way about. They kept in close touch with the cabinet, as often as they could with the governor, and they'd be in touch with us on an individual basis, dropping in and out of our offices and telling us about things that they were interested in. Of course, anybody who is lobbying a

Walton: position, whether legislatively or simply making their viewpoints known, would get around to see all the secretaries, get around to see everybody in the cabinet, feeling that that is a conduit to the governor. So I was in pretty close touch with the state chamber most of the time, and I admired the kind of thing they were doing. I didn't agree with them on every issue. I know I disagreed with them a few times on something, but I admired their work.

Sharp: They were, perhaps naturally, very supportive of highway construction, and there were several other issues that they supported. Of course, they supported lower taxes, thinking that that was much better for business actually than any increases, and the development of a state-wide energy policy, and some other things, like the resumption of off-shore oil drilling. I'm trying to sort out where you might have agreed with them, but also where you might have disagreed.

Walton: Well, I didn't know for example that they supported the off-shore drilling, I didn't know anything about that; whether I would have supported it or not would have taken some sort of study and analysis on my part. I mean I never did accept just the bumper sticker approach, you know: "Stop this because it's going to kill us," or "Do this because it's going to save us."

What are we talking about? Let's get the facts and let's get information before us and see if we can't take a position, and also to alter the position if new facts come on the scene. You say, "Well, I was wrong, I didn't have all the story." I don't think I could identify where I was with them or not with them, Sarah.

Sharp: I'm interested in the legislative advocacy that you might have been involved in for the agency itself. The state chamber, having its own legislative advocacy, was, I guess, a fairly extensive program also. I'm wondering where you might have worked together perhaps on some legislation, if you recall anything like that?

Walton: No, I don't remember anything where we said, "Well, on that specific piece of legislation we'll go one way or the other." There too I wouldn't be so presumptuous as to say, "I will get in league with the state chamber on a particular issue, and I will try to drive that through the cabinet."

Items and Procedures for Cabinet Discussion

Walton: I tried to keep always in mind that I am representing the people of the state of California, and Ronald Reagan is my boss. I'm an extension of Ronald Reagan, and am I thinking with the mind of

Walton: Ronald Reagan when I say this? If I don't know, I better go to the cabinet table and find out.

Therefore I'd write up a cabinet issue and say, "I don't know which way to go on that. These seem to be the facts, how do we stand as an administration?"

I don't think I ever took any position where I said, "Well, you can count on me, fellas, I'm going to be a legislative advocate in the same way that you are on this particular issue." No, unless it were a cabinet stance or a position taken by the governor.

Sharp: Did that work pretty well if you had a cabinet issue? If you would write up what your current dilemma was and you took it to the cabinet, did that work pretty well to help you resolve that?

Walton: Yes, I thought that there were a lot of cabinet issues that were brought by other agencies that should have been decided in the agency. I thought that they were just sort of minuscule decisions that had to be made. I brought up very few cabinet issues. There were questions that definitely involved other areas of government that I didn't want to speak for, and I had to be able to say, "How does this affect everybody else around this table? And I want to know before we take a stance or a position." That did work well, yes, that worked very well.

The whole cabinet issue structure I thought was a useful tool to us because we had to have everything on one sheet of paper that told the position, and the story, and what the conclusion would be, and what the recommendation was. You could back it up with as much paper as you wished. You could have a whole file or you could have two or three pieces of paper, but the summation had to be on that top sheet. If anyone wanted to study it in depth he could go into the other papers, but certainly cogently it was there on the face of that front paper. We dealt with cabinet issues sometimes within five minutes, and sometimes perhaps thirty-five minutes, maybe longer, but I thought it was a good way to do it, yes.

Sharp: Did Mr. Reagan like that particular format, the cabinet discussion?

Walton: I don't know. I always assumed he did because I never heard him say anything to the contrary. He always seemed to just sort of fall right in with it and go along. I mean he'd sort of come to the table and say, "All right, let's hear the issues," and this is the format in which we presented them. Sometimes we'd run out of time. He'd say, "I only have an hour now, so make sure we've got all the priorities straight here because we may have to cut some of this today and take it up tomorrow."

Sharp: How much more time do you have?

Walton: I have just about twenty-seven minutes!

Campaigning for Tax Reduction, 1973

Sharp: I thought we might get just a few notes on the Prop. 1 campaign.* I understand that you were head of the steering committee for Prop. 1.

[During the transcript review process, the interviewer-editor asked Mr. Walton, "Was this actually the Governor's Task Force on Tax Reduction, or was there another group after this task force that developed Prop. 1?" His answer follows.]

Walton: The steering committee had overall, delegated power from the governor. The task force did all the day-to-day detail work of structuring and coordinating the vast variety of elements that grew to become the ballot issue, Prop. 1. When it became a ballot proposition, it was all removed from the steering committee and task force and turned over to Michael K. Deaver to form an organization and get out the vote.

[transcript resumes]

Sharp: We might start with what you recall of whose idea Prop. 1 was. From that same end-of-the-administration quarterbacking session that went on in 1972, I gathered a few notes from it, you mentioned the Cameron Park retreat that some of the people from the governor's office went on.

Walton: That was the beginning.

Sharp: That sort of started it. Then there was, of course, a presentation to the legislature which didn't work, and there was the possibility of doing it as a special election, which obviously is what happened.

Now, Prop. 1, November of '73, didn't work, but I'm wondering how you reflect on what that effort was and perhaps some idea about why it didn't work?

*Proposition 1, which appeared as the sole ballot measure in the special election held on 6 November 1973, was Governor Ronald Reagan's plan for an amendment to the state constitution that would limit property taxes.

GOVERNOR'S TAX REDUCTION TASK FORCE

STEERING COMMITTEE

Frank J. Walton, *Chairman*
Secretary, Business and
Transportation Agency

Robert C. Walker, *Member*
Special Assistant to the Governor

John T. Kehoe, *Member*
Director, Dept. of Consumer Affairs

James E. Jenkins, *Member*
Director of Public Affairs,
Governor's Office

Edwin W. Thomas, *Member*
Administrative Assistant
to the Cabinet

Lawrence R. Robinson, Jr., *Member*
Director, Dept. of General Services

H. Herbert Jackson, *Member*
Attorney at Law
Member (former Chairman) of the
Little Hoover Commission

TASK FORCE MEMBERS

Lewis K. Uhler, *Chairman*

Charles D. Hobbs, *Member*

Richard E. Kazen, *Member*

TASK FORCE STAFF

Jeffrey Davis, *Staff Assistant*

Linda Miller, *Secretary*

Diane Sekafetz, *Secretary*

Douglas A. Sloane, *Administrative
Assistant*

Sharon Young, *Research Assistant*

TECHNICAL ASSISTANCE

Linda Bernheim

William R. Knudson

Jeanette May

Richard Piper

Wendy Potter

Lund Tim

Virgil Woods

from "A Reasonable Program for Revenue Control and Tax Reduction,"
submitted to the California legislature by Governor Ronald Reagan,
March 12, 1973, p. 24.

Walton: It did start at Cameron Park. I urged the cabinet to join together in a weekend retreat at Cameron Park or Shingle Springs. There was a large motel out there, and I said, "We can't do this by ourselves, we're going to have to have some professional help."

I went to Jim Balloun of McKinsey and Company and I said, "How would you like to do something as a gift to the state and the people of the state of California? I need your help. I want you to come out and serve gratis. We'll pay your room and your meals, and that's all we'll pay you, if you can come out for this weekend and guide us through to see if we can come to some conclusions out there as to where we ought to go as an administration for our ensuing time here."

He consented to do that. He brought along another McKinsey and Company man whose name I don't recall, and we went through the thing of brainstorming and having him guide us into: "What's really on your mind?" "What are the issues?" "What are the things that you'd like to do?" "What would you like to see accomplished?"

The governor was not present but all the cabinet was there and a few of the governor's office people.

We did the thing of the brown butcher paper up around the walls and had a lot of things put down. We came up with ten or fifteen different issues to deal with, like public safety (Meese took the lead in carrying this issue), and the environment (Ike Livermore), and two others. We refined those down to five, and each of us took a particular one of those and said, "That'll be the one that I will carry."

The one that I had presented was on some sort of reduction in taxes. I was concerned by the fact that we'd been talking about tax shifts, tax changes, tax restructuring, and all that, the way government always talks, but people pay more money every year. I said, "We've got to have somebody who will cut the taxes, we've got to have an actual cut."

Well, then, the next thing was that each of us in turn took this before the governor. I remember having done it at lunch. We were sitting around the governor's lunchroom there, and I presented this thing. He said, "Well, Frank, I think we've done a pretty good job of keeping government under control." I said, "That's not the point, Governor. The important thing is that we actually come out as somebody in the United States that says, 'We're going to cut the taxes.' That's what we want is to cut the taxes, it's as plain as that."

"Well," he said, "how would you do it?" I said, "I don't know. I just want the permission to try and start a program to bring it about." Well, he gave me the go-ahead on that.

Walton: So then we had to sort of handpick people. We had to find a way of raising funds. We had to find a way of not using taxpayers' money, except where it was legitimate for certain people that worked for the state anyhow, and they could work over there in the evenings, like myself on the steering committee. So we set up a regular task force to do this job.

We set up a steering committee to oversee what they were doing. The steering committee met with them once or twice a week. The rest of them worked eight or twelve hours a day on the task force.

It was an enormously complex thing because there were so many bases that we had to tag in order to get acceptance on how we were going to do it, and we had to keep modifying and changing and altering it. The steering committee was largely in the role of saying, "No, that won't fly." "Yes, that will fly." "No, the governor would never go for that." "Yes, the governor would go for that."

Ultimately, we put it into a form that all the lawyers had looked at. All the various elements whose support we needed looked at it. It was still very complicated and it was very extensive, very wordy. Nevertheless, we went up and down the state. I went with the governor on several occasions, and several occasions we went separately. It was our job to try to sell the state on that. So we were in radio and television debates and public forums.

Sharp: There you were selling again.

Walton: Back selling again. Virtually every newspaper, every television station, every radio station, with very few exceptions, were behind us and supported it and could see the wisdom of it.

The whole idea was that the state government was running far ahead of the increase in personal income in the state, constantly advancing at a faster rate in taxation than the income was advancing. We said it had to start clipping back at one-tenth of a percentage point a year until it came into equilibrium with the personal income of the state. Then the state's part could continue to grow, but only grow proportionally to the personal income of the people of the state, that it would never grow beyond that, it would grow with it.

Well, of course, the legislature, with its desire to spend and to garner votes by the spending, was very much opposed to it, many people in the legislature. Some were for it, of course. It was interesting to see how many civil servants we got out getting petitions signed who really believed in it.

Sharp: That was an important idea.

Walton: Yes, they felt it was good. That's not to say that there weren't a lot that were opposing it too!

I thought that we did a good job of getting it qualified and getting the signatures. Most of us were out individually, in shopping centers and parking lots, and wherever else, on our Saturdays getting signatures. I was there and my wife was there and a lot of our people were there, and we were doing it on a regular basis.

We got it qualified, it went on the ballot, and it looked as if we were winning, everything was just going great until the opposition forces had it very well planned and programmed. They did a devastating thing, for which I admire them. I'm sorry they did it, but I can't help but admire their astuteness in having done it.

About ten days before the election they came out with a highly paid television campaign that showed the phone ringing at the police station. There was nobody there to answer it. The house was on fire and the phone was ringing for the fire department and there were no firemen because this terrible thing had happened. There wasn't the tax money to support the police department and the fire department. The schools were closing everywhere and the kids were on the streets. Oh, what a beautiful and effective campaign this was. All emotional campaign, dishonest campaign, but effective.

So legislators were saying, "The constitution is something that is sacrosanct, don't change that. We can change these things by law. We can change them by statute. Don't toy with your constitution, leave it to your legislator."

All that sunk in with people. They said, "If you think this thing might have any question to it, vote 'no' now and then let's take it up as a legislative proposition." Very effective. And that killed it.

But what Proposition 1 did was it paved the way for something that wasn't nearly as good, Proposition 13.* People were ready for

*In June 1978 California voters approved Proposition 13, an initiative ballot measure sponsored by Howard Jarvis and Paul Gann which sharply lowered the amount of property tax which could be levied by city and county governments. The drop in local revenues was alleviated for several years by "bail out" funding from state revenue surpluses. "Jarvis II" was the popular name for Proposition 9 on the June 1980 ballot, an initiative for state income tax reduction, which was defeated at the polls.

Walton: Proposition 13 because they said, "They promised us they were going to do something if we didn't pass that thing and nobody did anything, they just dropped it after that." So up came the Jarvis-Gann initiative, and the Jarvis-Gann thing is not thought-out. It just happened to have that great emotional appeal.

Proposition 1 was far superior as a solution; maybe a little too complicated, maybe a little too involved. And the opposition was able to point, "You know how many words there are in this, ladies and gentlemen? Could you possibly accept a thing such as this?" So it lost.

Proposition 13 came along and it has caused no end of problems. Now the problems are not the ones that we hear, the ones that are highlighted in the paper, like the poor suffering cities and communities; no, they're not. The elected officials, state, county, and local officials just have refused to do what Proposition 13 and Proposition 1 told them to do: get your priorities straight, get first things first, you're going to have to cut out the faldederal, you're going to have to get down to fundamental issues and legitimate needs.

##

III THINKING CONSERVATIVELY

Establishment of the Heritage Foundation: A "Quick Response Mechanism" for Conservative Policy Making

Sharp: I thought we might just get a few notes on the Heritage Foundation because it is such a really interesting group.* You mentioned to me over the phone that you were involved in the beginning of it. I thought you might just want to add a few notes about what it was in the beginning, where it went, what its purpose was, and who some of the people were that were involved in it.

Walton: Well, all right. The Heritage Foundation had been under way I think since about '74, perhaps '73, I'm not sure. It was a public interest, public policy research organization. It had a 501(c)3 rating, which, of course, is the tax exempt rating, but it was largely financed at that time by individual contributions. It didn't have very many donors, it was just getting under way, but they had trouble getting off the ground it seemed.

They were trying, with what personnel could be recruited in the Capitol Hill area, to provide the Congress with a conservative think tank. Those who were not conservative, who were either middle of the road or liberal, left wing, had rather extensive resources, and they had a lot of things available to them that had been built in over a period of time.

Those who wanted to get it started had talked in terms of: "We have to have something of a comparable nature. We don't have anything to back up our people. They don't have staff enough to research issues and to find out what our viewpoint would be, and what the facts are on any given issue, and it's easy to color the facts so that they support opposing viewpoints."

*See also, "Building a Heritage in the War of Ideas," on the foundation, an article by Phil McCombs, The Washington Post, 30 October 1983.

Walton: I was asked if I'd come back into that picture. I still don't know exactly why I accepted because I don't like Washington and I didn't particularly like Washington then, but I was in Sacramento, I was finished with my work, and I was casting about looking at various other things to do.

I went back and talked to their board of trustees, and they said, "What would it take to get you back here?" I named terms that I thought would be prohibitive to sort of let me off the hook, and came back and told my wife I had no interest in going. When they accepted my terms, I felt obligated to go. So we went to Washington.

The effort there was to try to put together the funding, the personnel, and the facilities to start building a scholarly view of the conservative position on these various issues, regardless of what the issue was, you know, thousands of issues for that matter. Here again we had to select the primary issues that we could deal with because we didn't have the funding and we didn't have the personnel to deal with all of them.

We set about to have what we called a "quick response mechanism" that said, "If an issue comes up today, if we have to work all night we'll deliver something to the desks of the congressmen tomorrow morning that will tell them the facts and the figures and what sort of stance makes sense to take on these various issues." That today is still one of the great fortes of The Heritage Foundation--instant response. Of course, today it has vast facilities with which to do that.

I scurried around, new to that game and trying to figure it out, just having a real heart for it and a real desire to see something accomplished, but being very green about how you deal with Capitol Hill and Washington. I was going in to see Senators and representatives and telling them what we had and, "Please call on us to do this."

I'd go to Democrats and Republicans, and I'd go to them whether they were liberal or whether they were conservative. I told them, "What you get back will be a conservative view if you want it, but it's there for you. All you have to do is ask us for it."

I remember having gone and talked to Russell Long, and he said, "I don't know whether I can use anything of yours, you know." [spoken with a Southern accent] He said, "I've got a staff that's very extensive," and so forth. I said, "Well, you know, it's a few more arrows in your quiver, Senator. If you want to have it it's there for you." But anyhow, I was just boldly going in once again, Sarah, selling on the idea of what Heritage Foundation could do! [laughing]

Walton: Although I stumbled around and strived for a couple of years there, I think the main thing that I did for The Heritage Foundation was to get it into a fund-raising mode by direct mail solicitation of funds. That took it into the public arena with contributions that averaged something around \$11 to \$13 each. It took us into the field where we were getting from Mr. and Mrs. America these small contributions that far outweighed what the big contributors had given us to start with. The big contributors were delighted because they said, "That's what we wanted to see you do, build up a broad base."

We had about five years, as I remember, to qualify as a public-supported organization under the tax laws as a 501(c)3, and we did that very readily. Today The Heritage Foundation has about a \$10 million a year budget. At that time I think our budget was about \$500,000 a year, and I went out to get the funds for that. But when I left Heritage Foundation we were bringing in \$2 to \$3 million a year.

But I didn't like Washington, and I didn't like the atmosphere around Capitol Hill. I wanted to get back where I felt real living exists, namely California, where you can be yourself and live in the fresh, wide open air and not have to be playing the Washington game.

I think probably part of the reason for my going back there was it was the bicentennial year, and I was sort of caught up in the thing of history and patriotism. Here was a chance to do something for the country, and I always said the only thing that would ever take me to Washington is if I felt I could do something for the people of the country. I thought: "Well, maybe this is the way to do it." Then I thought: "Well, maybe Reagan will come along and get elected this year, and maybe I'll work for him back there in Washington."

Sharp: So that sort of went through your mind?

Walton: It sort of went through my mind, and yet I'm glad that it didn't happen. I wouldn't want to be in the administration, I've told them so many times, because I don't want to work in government any more; I've had my turn in government, and I'm through with that. That was the Heritage Foundation.

Sharp: Well, it's a very interesting process the way that sort of group gets together. Now there are several think tanks, that's essentially what they are I guess, of various persuasions, liberal or somewhat conservative or quite conservative which is, from my understanding, what The Heritage Foundation is.

A Conservative and Christian Outlook

Sharp: I wonder what you think about being a conservative? From other interviewees and other sources that I've seen, people see you as a conservative and see you as a fairly strong conservative, not in a disrespectful way at all but fairly ideological, and that you came to Sacramento that way and left Sacramento that way. I'm wondering why you maintained that conservative viewpoint?

Walton: You know, I have trouble with the tags, I've always had trouble with these labels that we put on because everybody's got a different definition of what a conservative, what a liberal is. I think what I have to say is that I'm conservative on some things and liberal on other things. I try to be as logical, as sensible, and as plausible on everything as I can be.

You know, some of my liberal friends in Sacramento said, "Well, you make more sense to me than most conservatives." I said, "Well, what makes you think I'm a conservative?" "Well, it sort of goes with the territory, you know, it goes with the role. You're working for Reagan and you say what you say, and you take this position on all these issues, so you must be a conservative."

Well, that's all right with me, I don't mind being called a conservative, but when I was running for office way back in '64, people said to me, "Tell me what you are. Are you a liberal, a conservative, middle-of-the-roader, or what?" I said, "Let me tell you what I think on anything you want to ask and you determine what I am. That's all I can do. I can honestly answer you on what I believe in and how I see the world, and you tell me where that falls into your ideological spectrum."

So I don't deny being in that position of the conservative because that's where the world places me. I don't go around saying, "Look at me, I'm a conservative," I really don't care!

Sharp: I can't help noticing also that you're a fairly religious person.

Walton: Yes.

Sharp: I'm wondering where that came from, if it was an influence that was given to you as part of your growing up and it strengthened, and it is an important part of your adulthood, or it's something that you--

Walton: Probably some early seeds in growing up; the seeds probably took some root. But I feel that the whole thing of being spiritual or religious is a journey. I don't feel that it's a position. I feel

Walton: that it's a growth process, and the growth has been much more in adult years than it ever was in childhood or adolescence. It has been far more in the last six years than it ever was before. I've crowded more of that kind of thing into these last six years than I ever did before.

It's the reason why, truthfully, I'm not very comfortable in discussing politics or government because I'm really not that interested anymore. I'm trying to be helpful by remembering things here, and you've helped me to remember them with some of the papers you've sent me, but, you know, I don't relish even going through the exercise of talking about it because it's just pages that I've turned in the book and they're passed.

I'm interested in what I think are far more important things and that is, what makes us tick and what is this great mystery that is within us, and how does this mystery unfold, and why do you think the thoughts you think, and I think the thoughts I think.

Today I think I have a far greater respect for any person who has a liberal viewpoint, a conservative viewpoint, or anything in between, because I'm much more interested in people. I always was sort of generally interested in people because I beat my breast and said, "I'm working for the people, I'm doing this for the people."

There can be kind of a quasi-political view to that that says, "Well, that makes good politics." But it has grown increasingly genuine with time because today, mostly through spiritual pursuits and through religious effort, I have come to feel that I really want to accept you for what you are, as you are, and not for what you do, or how you think, or where you came from, or what your family bloodlines are, but rather just to get to know you for what you have in you.

Sharp: You know, in Mr. Reagan's governor's office there were a number of people, Herbert Ellingwood and a number of others, who are very much involved in religious activities.*

Walton: Ellingwood was probably the most active of all.

Sharp: Was that an important common denominator among some of you who were in the governor's office?

Walton: No, I think it was a rarity. There was very little of any religious or spiritual nature spoken there. We had the annual prayer breakfast and we had occasional things, but I don't know of anything that

*Readers may wish to see Ellingwood's interview in this same series.

Walton: was a common denominator, nothing even resembling it, in fact widely dispersed views on all that sort of thing, and rarely discussed, you know. Nobody ever even brought that up; it was dealing with secular matters.

Sharp: Well, Sacramento is not known to be a spiritual center!

Walton: That's right. You see, I was very much involved with church up there, but I didn't bring it into government very much. It just sort of guides my principles and my ideals and the things that I want to see done, you know, but it wasn't: "Well, let's all sing hallelujah and pray together," or something like that.

Sharp: But you are part of an organized religion as opposed to--

Walton: Oh yes, I'm very much a part of an organized religion. I'm in the Roman Catholic church. When I came back here, I don't know why it happened, but I had an opportunity to study for the ordained ministry because it became open to married men--not as priests but as deacons, you see, one step below the priest. I entered into the seminary studies and I was ordained this past May [1983]. So I've been active. I'm a full-time deacon now. What I have to do here is to get over and teach a class at 12:30, so that's the reason why I have to get going.

But that's what governs my life today, and if Ronald Reagan called me on the phone and said, "I need you now," I would have to say, "What for and for how long, and I hope you don't really need me, I don't want to come." Yet I've always told the other fellows, "Don't let him call me because I don't want to have to say no to him."

Sharp: Well, I think I'm done with all my questions.

Walton: I'm sure we've left out a lot of things you wanted to cover, and maybe I've talked too much about certain ones, but I wanted to try to make myself available to you.

Sharp: No, I'm very content.

Walton: Thank you, thank you.

##

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TAPE GUIDE -- Frank J. Walton

Date of Interview: October 25, 1983

tape 1, side A

1

tape 1, side B

12

tape 2, side A

24

tape 2, side B

36

INDEX -- Frank J. Walton

- appointments, to office, 9-13
- ballot measures
 - gas tax use for mass transit (Proposition 18, 1970), 14
 - Jarvis-Gann tax limitation (Proposition 13, 1978), 35-36
 - limitation on property taxes (Proposition 1, 1973), 32-35
- Balloun, James, 17, 33
- Business and Transportation Agency, California
 - cooperation of existing agencies in creation, 18
 - creation under AB 69, 1972, 16-17
 - effect of gas tax, 14-16
 - environmental issues, 22-24
 - federal funds for projects, 20-21
 - Public Works, Department of, 16
 - role of the secretary, 17
 - See also CALTRANS
- cabinet, governor's (Ronald Reagan)
 - appointment process, 9-11
 - deliberation process, 22-23, 30-31
 - role of members, 24-26, 28-29, 30-31
- California Environmental Quality Act (CEQA), 27
- California Toll Bridge Authority, 20
- CALTRANS emblem, 18
- campaign management, 6-8, 13-14
- Chamber of Commerce of California, 29-30
- Congress, U.S., election in Twenty-fifth District, 1964, 6
- conservation, 26-27
- conservative philosophy, 6, 16, 21, 26, 37-42
- Cristina, Vernon, 21
- Deaver, Michael K., 10, 11, 32
- Deddeh, Waddie, 16
- Disney, Walt, development of recreational project at Mineral King, 22
- Dunham, Neil, 18-19
- Eisenhower, Dwight D., 4
- elections, 1964, 5-7, 13
 - in 1966, 8
 - in 1973, 35
- Ellingwood, Herbert, 41
- environmentalism, 22-24, 26-30
- federal funds for transportation projects, 21
- Goldwater, Barry, Sr., 7
- governor, office of (Ronald Reagan), 9-10, See also cabinet, governor's
- Hall, James M., 10
- Health and Welfare Agency, California, 10
- Heritage Foundation, 37-39
- Highway Commission, 18-20
- highway development, 22

Hutchinson, Ned, 9

Jarvis-Gann tax limitation initiative
(Proposition 13, 1978), 35-36

Livermore, Norman B., Jr., (Ike)
23-25
lobbying, lobbyists, 29-30
Los Angeles, California Chamber of
Commerce, 3-4
Luce, Gordon C., 10

McKinsey and Company, 17, 33
mass transit, 14-16
Meese, Edwin, III, 11
Mills, James R., 14-15
Mineral King, 22-23, 26
Moe, James A., 19-20, 21

Nixon, Richard M., 21

Orange County Council for Environment,
Economy, Employment and Development,
28

Pacific Legal Foundation, 28
political party system, 4
role of party leader, 13
Proposition 1 (1973), limitation on
property taxes, 32, 35-36
Proposition 13 (1978), tax limitation
ballot measure, 35-36
Proposition 18 (1970), gas tax use for
mass transit, 14

Reagan, Ronald
as governor, 9-11, 31, See also
cabinet and governor's office
as politician, 12-13
campaigns, 8

religious philosophy, 41-42
Republican party, Republicans
personal party allegiance, 4
precinct work, 4
structure of, 12-13

Spencer-Roberts Company, 13
State Transportation Board, 20

task force on tax reduction, 1973,
32-35
tax limitation, Jarvis-Gann
(Proposition 13, 1978), 35-36
tax reform, campaign for
Proposition 1, 1973, 32-35
taxation, taxes, 14-16, 30, 32-36
Toll Bridge Authority, 20
Transportation, Department of,
California. See Business and
Transportation Agency

Uhler, Lewis, 9

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